

August 2, 2011

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Release No. 34-64874, File Number: S7-30-11
Submitted Via Email: rule-comments@sec.gov

Dear Commission:

Philadelphia Financial Management of San Francisco (Philadelphia Financial) welcomes the opportunity to comment on Release No. 34-64874, File No. S7-30-11 issued by the Securities and Exchange Commission in which the SEC requests comments on Retail Foreign Exchange Transactions. Philadelphia Financial, founded in 2004, is a hedge fund focusing on the financial services sector. The author of this letter has researched the financial services industry for 17 years and has primarily focused on the brokerage industry for the last ten years. Philadelphia Financial does engage in foreign currency transactions, but only to facilitate the trading of foreign securities. We have never engaged in foreign currency trading for speculation.

We encourage the Securities and Exchange Commission (SEC) and the National Futures Association (NFA) to take a deeper look into the retail offering of off-exchange foreign exchange trading (retail FX). We believe that the retail FX offering is akin to gambling and should be regulated and taxed as such. **These two statistics tell the real story behind retail FX: approximately 70% of customers lose money every quarter and on average 100% of a retail customer's investment is lost in less than 12 months.** Despite using statistics from specific companies, we believe most of these statistics represent the industry in general. We understand that many of the companies mentioned in this report are regulated by the NFA rather than the SEC; however we use these statistics as an indication of the overall industry and believe that SEC regulated firms that engage in similar business, likely experience similar results.

Retail FX, We See as a Modern Day Version of the Numbers Game

In the early part of the 20th century, racketeers ran numbers. These racketeers targeted poor neighborhoods and promised huge payoffs if they chose the right numbers. Customers could get in on the action for as little as \$0.01 and the racketeers even extended credit! Customers were attracted to the high potential reward. Winning numbers would pay out 600x, but the real odds of winning were 1 in 1,000 so the 'house' had an 'edge' of 40% and thus customers were expected to have 40% loss rates. To keep the game 'fair', the winning numbers were determined by the last four digits of the daily US Treasury balance published in the business section of the daily newspaper. So despite the

outcome being determined by a financial instrument, regulators recognized this as a game of chance and the game was illegal.

Retail FX today shares almost all of these characteristics. The industry targets unsophisticated, low balance investors (average account balance is less than \$5k and majority of accounts are opened with credit cards). Customers can get in on the action with very little money, trading with balances as low as \$10. Because of the high leverage extended, infinite leverage if you take into account the possibility of funding accounts with credit cards, the potential rewards are huge, but actual results show that customers should expect to lose about 30% of their account balance in three months. To keep the game ‘fair’ winning and losing is based upon live quotes of various exchange rates. However, despite the expected customer losses, and randomness of returns, to date, the retail FX product has been regulated as a financial instrument rather than a gambling product. According to Title 18, U.S.C., Sec. 1955, gambling is accepting, recording, or registering bets, or carrying on a policy game or any other lottery, or playing any game of chance, for money or other thing of value.

Comparing Retail FX to the Illegal “Numbers Game”

	Outcome Determined By	Average Customer	Minimum Amount To Speculate	Expected Loss Rates	House Extends Credit?	Use of Intermediaries to Solicit and Share in Profits
Illegal Numbers Game	A financial statistic	Low Income	Low	High	Yes	Yes-Called Runners
Legal Retail FX	A financial statistic	Low Balance Accounts	Low	High	Yes	Yes-Called Introducing Brokers

Source: Philadelphia Financial

Statistics Show That Retail FX Has Worse Odds than Most Casino Games

We believe most retail FX traders would have superior results ‘speculating’ in Vegas rather than through retail FX. Not only is Vegas less risky, because a gambler can only lose the money placed on the table, rather than a retail FX trader that risks many times their capital, but their chances of winning are far superior as well.

In the table below, we find that 73% of retail FX accounts lost money in 2Q11 and 68% lost money in 1Q11.

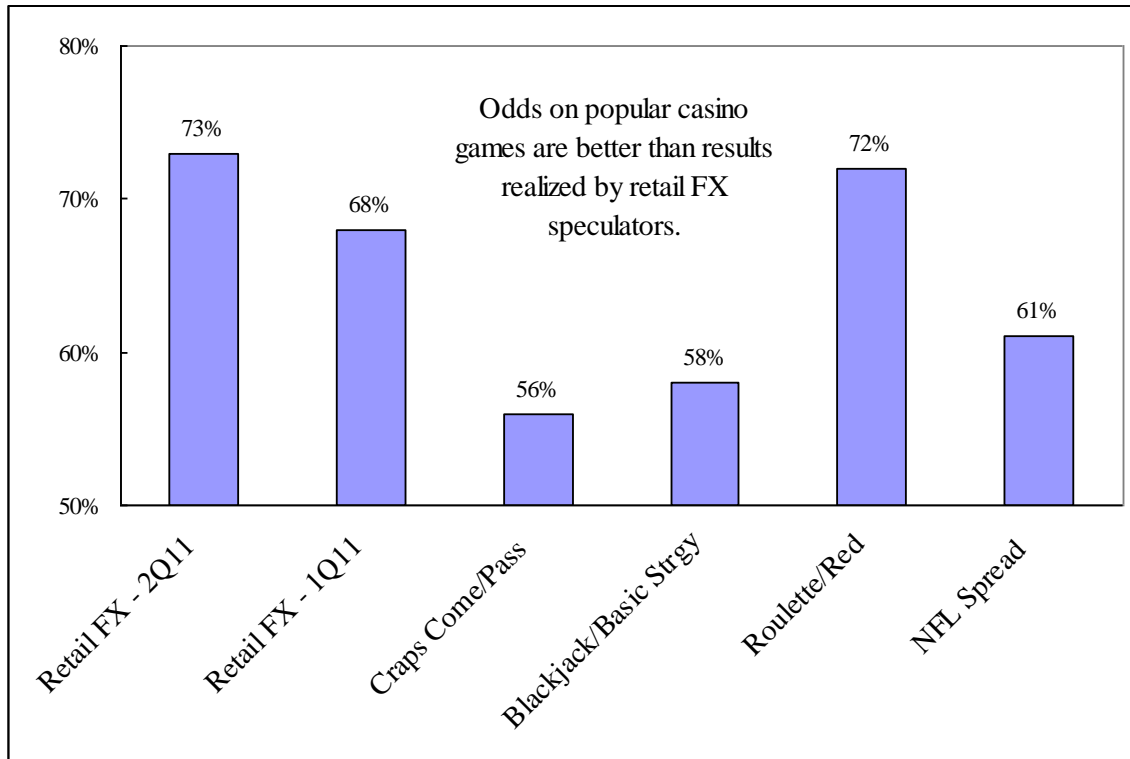
Percentage of Retail FX Accounts That Lost Money

Retail FX Firm	2Q11	1Q11
Oanda	69%	62%
GFT	70	60
Alpari	73	70
PFG	73	71
Gain Capital	74	71
Interbank FX	74	70
FX Solutions	75	74
FXDD	75	70
MB Trading	75	74
FXCM	78	73
FX Club	79	77
Advanced Markets	<u>82</u>	<u>84</u>
Industry Avg.	73%	68%

Source: Company disclosures

FXCM, a leading retail FX broker, reports their average account traded 2x per day in 2010. Most quarters have 62 trading days meaning the average account trades 124 times a quarter. How would a speculator do if rather than making 124 trades in a quarter, they instead played 124 hands of Blackjack, bet 124 spins on Roulette, bet on 124 NFL games or played 124 “come” bets on craps? **The answer is a simple one – the speculator would do far better at the casino where 56% of speculators lose playing the standard “Come” bet in Craps or 58% lose playing basic strategy in Blackjack rather than the 71% of retail accounts that lost money trading FX in each of the first two quarters of this year.** Note: to calculate the odds on Casino games, we have assumed 124 attempts, similar to the quarterly trading activity of retail FX accounts.

Percentage of Speculators LOSING After 124 Attempts



Source: Company disclosures and Philadelphia Financial calculations and estimates

Financial Results Realized By Retail FX Speculators Have Been Disastrous

From public disclosures made by Gain Capital, we have been able to calculate, on a dollar weighted basis, the returns experienced by Gain's speculators and this is likely similar at other retail FX brokers. In 2009 and 2010, the BEST quarter experienced by Gain clients was a loss of 24% and the worst was a loss of 34%. Compare this to historical extremes of financial stress in the equity market. In the fourth quarter of 2008, the depth of the financial crisis, the S&P 500 was down 23%. In other words, **Gain clients would be better off experiencing the depth of the 2008 financial crisis in the equity markets each and every quarter rather than speculating on FX!**

Returns Realized By Clients of Gain Capital

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Return	(33%)	(34%)	(32%)	(24%)	(25%)	(31%)	(32%)	(27%)

Source: Company reports and Philadelphia Financial calculations

Contrast the Gain Capital customer experience to the experience of the average Schwab client over the same period. The average dollar invested at Schwab has outperformed the average dollar invested at Gain Capital by between 2,500 basis points and 4,000 basis points PER QUARTER. In fact, we have data on Schwab going back to the mid-1990s. In the worse ever quarter for Schwab clients (4Q08 -15.5%), customers still earned 900

basis points better than the best quarter experienced by GCAP customers in the last two years.

Investment Returns Realized By Clients of Charles Schwab

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Return	(6%)	9%	9%	3%	3%	(7%)	6%	5%

Source: Company reports and Philadelphia Financial calculations

To help understand the real world experiences of retail FX traders, we would encourage commissioners to read a recent article from the LA Times Titled: *Foreign Currency Trading Is Easy – An Easy Way to Lose Money*“Dorothy Ouma began trading foreign currencies after seeing a TV commercial touting it as a way to make extra money, something she could use as a single mother raising three children .Ouma used her credit card to fund an account with an online currency broker. **Within a few weeks of swapping dollars for yen and euros, she said, her \$3,000 of borrowed money was gone**’ <http://articles.latimes.com/2011/apr/03/business/la-fi-amateur-currency-trading-20110403>

Retail FX: The Most Expensive Product in Investment Services

Just to break even, the average speculator at Gain Capital or FXCM needs to roughly double their money every year through speculative trades simply to offset trading costs! By looking at the revenue produced by the public retail FX firms, we can quantify the true cost of this product. Revenue from brokerage firms either comes directly or indirectly from the client’s balances and thus on a one-for-one basis, directly impacts returns and performance. In 2010, FXCM’s revenues represented 71.4% of their client’s average balances. In the same year, Gain Capital’s revenue represented 84.2% of their client’s average balances. (Gain is likely higher because they internalize order flow and generate additional revenue as a market maker).

We cannot find any other brokerage firm in investment services that generates comparable revenue yield on their client assets (revenue/average client assets) and this largely explains the poor profitability statistics at the retail FX firms. Leading discount brokerage firms have revenue yields below 1%, or 99% cheaper and even high end Swiss wealth management firms are 98% cheaper!

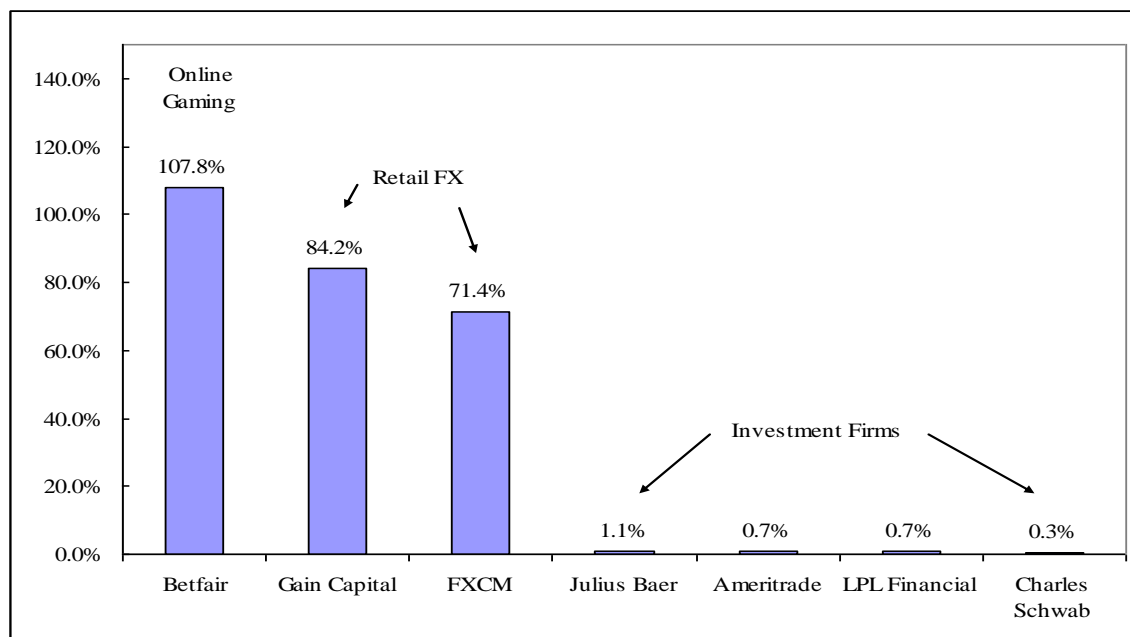
2010 Revenue Yield Comparison (Revenue / Client Assets)

Company	Description	Revenue/Client Assets
Gain Capital	Leading retail FX broker. Does internalize order flow.	84.2%
FXCM	Leading retail FX broker. Does not internalize order flow.	71.4%
Tradestation	Broker primarily serving active traders trading exchange listed products. Average client trades 2x per day similar to retail FX firms.	5.4%
Julius Baer	Swiss private wealth manager	1.1%
Ameritrade	Leading discount broker	0.7%
LPL Financial	Leading provider of brokerage services to independent brokers	0.7%
Charles Schwab	Leading discount broker	0.3%

Source: Company reports and Philadelphia Financial calculations

The revenue yield of the retail FX firms more closely resembles the revenue yields exhibited by online gambling firms. Betfair is a publicly traded firm that legally provides online gaming services in the UK and Europe. In 2010, their revenue yield from gaming was 108%, much more closely aligned with the 84% to 71% realized by Gain Capital and FXCM, with no resemblance to the 0.3% to 1.1% revenue yields we see exhibited by traditional investment firms.

Investment Product or Online Casino? Revenue Yield Suggests Casino



Source: Company reports and Philadelphia Financial calculations

Accounts Are Typically Funded With Credit Cards

FXCM reported that 81% of new accounts are funded with credit cards. Gain Capital reports that 41% of their total deposits are funded via credit card. We know of no other retail investment firm that accepts credit cards to fund investment accounts, although this practice is quite common for online gambling companies in legal jurisdictions. Retail FX firms and online gambling firms are able to bear credit card interchange expenses because they realize such high revenue yields on client assets and earn these fees back within days. It would take a traditional investment firm 5 to 20 years to break even on new accounts if credit cards were accepted to fund accounts.

The result is that when an account is funded with debt via a credit card and then subsequently leveraged further, the speculator is implementing infinite leverage. Credit card debt is a leading cause of financial hardship because balances are often outstanding for extended durations and incur high rates of interest. If we include credit card interest expense as a cost to trade, retail FX trading costs are even higher.

Reduced Leverage Limits Benefit Clients

In 2010 Japan lowered leverage limits to 50x and just this month, lowered further to 25x. This has already negatively impacted retail FX brokers' revenues in Japan and benefited their clients. In June, 2011, IG Group reported that reduced leverage levels in Japan lead to a 38% decline in quarterly revenue, meaning IG's customers lost 38% less.

The Australian Securities and Investment Commission (ASIC), a country that does have legalized gambling, was compelled to warn retail investors about FX trading (as well as other 'financial betting'). In June 2011 ASIC issued a report whose cover appropriately showed a stock chart with four dice and warned investors "***You're effectively gambling a much larger amount of money than if you went to the casino or racetrack. You face potentially unlimited losses***".

[http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/ASIC_CFD_22112010.pdf/\\$file/ASIC_CFD_22112010.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/ASIC_CFD_22112010.pdf/$file/ASIC_CFD_22112010.pdf)

Retail FX Brokers Do Not Achieve 'Best Execution' For Clients

Unlike the equity markets, retail FX brokers do not have clearly defined best execution requirement for their clients. Additionally, some brokers that claim to be market maker independent are misleading investors to believe that the brokers do not have an interest in the market maker's profits. The reality is that these brokers receive payment for order flow from market makers and thus have a direct incentive to keep market makers profitable and their clients unprofitable. **FXCM has even gone so far as to classify their client base by 'level of sophistication' and then when order flow is sent to the various market makers, the market maker is told this classification and able to change their quotes accordingly.** This practice of revealing the end customer to the market maker would be illegal in the equity market.

In the equity market, quotes are publicly displayed and equal access is given to both retail and institutional investors. **In the retail FX market, different investors are given different quotes and institutional investors receive far superior quotes than retail.** For example the revenue per value executed at Gain Capital is 10x higher for retail clients than for institutional clients.

Currency ETFs Achieve Similar Hedging With Better Returns and Lower Costs

Retail investors already have access to exchange listed products that allow investors to hedge their currency exposures and these products are a much better value for investors with better returns. However, because exchange listed products do not have the same revenue and profit potential as the OTC versions, they are not as heavily marketed. Both the Intercontinental Exchange and Chicago Mercantile Exchange offer foreign exchange products, listed on exchange that are easily accessible to retail clients. Because retail speculators have access to these more cost effective products, there is not a need for the retail investor to access this OTC marketplace that is more lightly regulated than comparable exchange offerings.

Additionally, in recent years, currency ETFs have gained in popularity. These ETFs give investors better rates of return with lower transactions costs and less risk. Below is a sampling of currency ETFs and their 2010 returns.

2010 Investment Returns of Currency ETFs

<u>Currency ETF</u>	<u>Expense Ratio</u>	<u>2010 Return</u>
JHF II Currency Strategy	1.51%	NA
Franklin/Templeton HardCur	1.07	8.68%
Merk Hard Currency	1.30	4.63
Lord Abbet Emerg Mrkts Curr	1.17	5.80
Columbia AbsRtn Currency	1.47	0.50
Merk Asian Currency	1.30	2.89
Rising US Dollar ProFund	1.55	(1.59)
Rydex Strength Dollar 2x	2.46	(4.92)
Merk Abs Rtrn Crrncy	1.30	4.65
Rydex Weak Dollar 2x	1.71	(3.20)
WisdomTree Euro Fund	0.35	(6.59)
WisdomTree Japan Yen	0.35	13.40
WisdomTree Brazilian Real	0.45	12.46
WisdomTree Chinese Yuan	0.45	1.21
WisdomTree Indian Rupee	0.45	6.75
WisdomTree New Zealand Dollar	0.45	10.09
WisdomTree South Africa Rand	0.45	19.45
WisdomTree Emerging Currency	<u>0.55</u>	<u>6.40</u>
Average	1.02%	4.74%
<u>Retail FX Broker</u>		
Gain Capital	84.2%	(100.0%)
FXCM	<u>71.4%</u>	<u>N/A</u>
Average	77.8%	(100.0)%

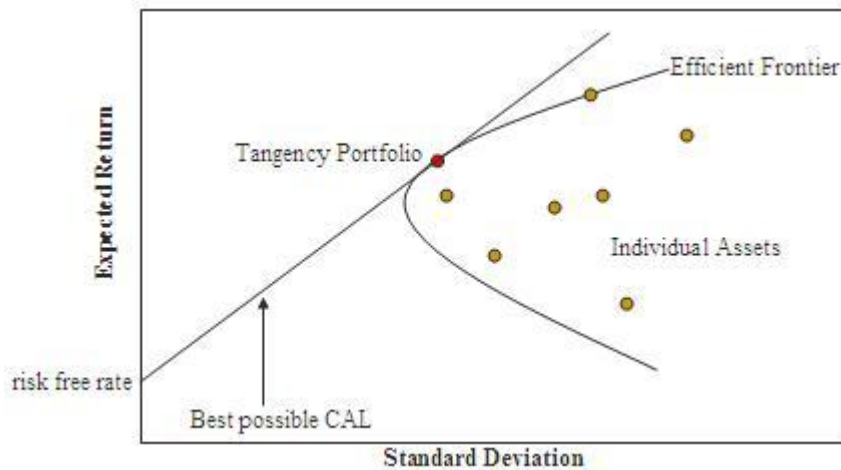
Source: Bloomberg, company reports and Philadelphia Financial calculations

Note: For Gain Capital return we used 100% loss as the maximum even though the average customer losses all of their capital in less than 12-months making the annualized loss percentage greater

Retail FX is Not an Asset Class

Buying and holding foreign exchange does not have an expected rate of return and thus cannot be considered an investible asset class. Because there is no buy and hold strategy, customers are 'educated' through various online videos offered by retail FX brokers to trade their accounts actively in order to generate profits. However, this simply results in churning, generating significant revenue for the FX brokers, but losses for the clients. The result is expected returns being negative. If retail FX is a new asset class, Nobel price winning economist Harry Markowitz will need to update his Efficient Frontier Theory of risk reward to include a new axis with negative expected returns, but high volatility. Academic research on FX tends to only focus on FX as a diversification tool, not a day trading vehicle.

**Retail FX A New Asset Class?
The Efficient Frontier Would Need to Add a Negative Axis!**



Self Directed Retirement Accounts Should Be Banned from Retail FX

We were shocked to find that in the application process, many retail FX brokers allow customers to roll over their existing retirement accounts into a self directed retail FX account. Given the expected trading losses that will be incurred in these retirement accounts, this practice should simply be banned.

Retail FX Brokers Have Taken Extreme Measures to Hide Required Disclosures

Please see Exhibit I (page 14) to appreciate just how deep this disclosure is buried. The National Futures Association requires retail FX firms to disclose the percentage of their accounts that were profitable in the previous quarter. However, these statistics are often buried under many pages of disclosure. Exhibit I shows the capacious process a new speculator needs to complete just to find these profitability disclosures at Gain Capital. From Gain's website, a potential client would need to fill out the entire online application. On the 10th page of this application is a hyperlink for the Customer Agreement (shown on page 25). If the potential speculator clicks on the Customer Agreement hyperlink, the first eight lines of the customer agreement is shown in a small window. To find the profitability disclosure, the new speculator would then need to read the customer agreement in this small window, eight lines at a time, in 7 point font, for 19 pages before coming across the last full paragraph disclosing account profitability statistics (shown on page 43).

Retail FX Firms Have a History of Practices That Disadvantage Their Clients

In October 2010, the National Futures Association cited Gain Capital for: 1) engaging in margin and liquidation practices that disadvantaged clients, 2) systematically filling orders in a way that disadvantaged clients (basically under-filling orders when the trade was in the client's favor and completely filling orders that were not in the client's favor), 3)

failing to maintain records of unfilled orders, and 4) failing to respond promptly during the NFA's audit. Given this history of regulatory problems, we believe the industry needs more policing.

Retail FX Firms Do Not Enforce Suitability Standards

We have opened FX accounts at Gain Capital claiming the lowest possible levels of trading experience and the lowest possible income and net worth options. However, these accounts were still opened and extended leverage.

Retail FX Advertising and Web Videos Overpromise Returns and Distract Investors from Risk

In Exhibits II and III we show examples of some of the misleading internet advertising to attract retail FX speculators (shown on pages 44 and 48). Many of these solicitations promise unrealistic return expectations or focus on 'sex appeal', rather than focus on the underlying attributes of the product: 100% investment losses. A sampling of quotes includes 'nearly double your money every 30-days' and 'create a daily cash machine in the forex market'.

Our Recommendations for Improving Retail FX

If regulators disagree with our assessment that retail FX is gambling and instead continue to regulate retail FX as a financial product, we make the following suggestions:

- 1) **Limit the product to only 'accredited' investors.** From historical performance, retail FX is a very high risk product with unlimited loss potential, extending significantly higher leverage than other products offered to retail investors.
- 2) **Establish retail FX order handling rules that are consistent with equities.** In the equities market, quotes are publicly displayed and equally accessible to both retail and institutional. The retail FX market does not give retail investors equal and fair access to institutional quotes and pricing.
- 3) **Establish suitability standards for retail FX clients.** We believe regulators will struggle to establish suitability standards for a product with expected losses of 100%.
- 4) **Limit leverage further and minimize account churning.** After the US and Japan instituted leverage limits, loss rates of retail FX clients declined. In the absence of entirely banning the product, regulators should reduce leverage to levels consistent with equities of 2x assets / equity. This will further reduce losses experienced by retail FX clients and bring FX back to a hedging tool which is a proper use rather than speculation.

- 5) **Stop allowing retail FX accounts to be funded by credit cards.** Gain Capital discloses that 41% of their client deposits come via credit card, and FXCM disclosed that 81% of their accounts were funded via credit card. While we know that funding accounts with credit cards is very common for online gambling firms in legal jurisdictions, 'investment' accounts should not have their 'equity' funded by debt. This result is infinite leverage. We do not know of any retail equity broker that allows account funding via credit card.

- 6) **Companies that provide educational services through online tutorials should show some type of historical performance statistics or future performance expectations for the strategies employed.** The firms could simply compile a composite of investor returns in accounts that claim to be using the various strategies. Backtesting software such as that offered by Tradestation is readily available and could easily be used to calculate the expected returns from the various strategies.

- 7) **Account profitability statistics required by The National Futures Association should be made prominent and new speculators should have to acknowledge these statistics directly,** without interference from other disclosures. Given that this is such an important statistic, clients should have to sign off on this disclosure before ever starting an application and the account profitability statistic should be presented on a standalone basis rather than buried in with other less relevant disclosures.

- 8) **Retail FX brokers should disclose the dollar weighted returns and mean weighted returns realized by their clients on a quarterly basis.**

- 9) **Account profitability statistics should be expanded to include longer periods of time.** Currently the NFA only requires disclosure of the percentage of accounts that were profitable in a given quarter and this percentage has generally been about 30% profitable with 70% unprofitable. If this business is really gambling as we suggest, this percentage should decline further over longer periods of time. We believe retail FX brokers should have to disclose the percentage of accounts that were profitable over the trailing one year and two year periods.

Areas of Retail FX That Need Further Study

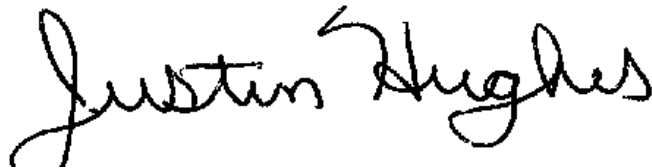
- 1) The SEC and NFA should request individual account level data from retail FX firms and hire a statistician to review account level detail to determine if trading results are a game of chance or a game of skill. Ultimately, this can only be determined by detailed statistical analysis at the individual account level.

- 2) The SEC and NFA should subpoena individual tax returns from the individuals who teach retail FX trading classes to determine if these individuals are actively trading FX themselves and if the results are consistent with claims.

- 3) Is there a relationship between trade frequency and profitability? The SEC should look at individual account level data to see if account profitability declines with increased trade frequency. If increased trading does reduce profitability, the SEC should take steps to limit account churn.
- 4) How exactly are retail FX brokers compensated by the various market making firms that receive order flow? Some brokers, such as FXCM claim to be independent from market makers and solely working to get their clients best execution. However, if the broker is compensated by the market makers when the market makers make money and thus customers lose money; this does not appear to us to be independent.
- 5) US regulators may want to coordinate with regulators in other countries. Regulators in Canada, Japan, South Korea, and Australia have all expressed concerns with retail FX product offerings. Data sharing and coordination could lead to stronger conclusions.

We appreciate the Commission giving us the opportunity to express our views on this very important topic. In the spirit of full disclosure, the funds managed by Philadelphia Financial are currently short the retail FX sector, but these positions represent less than 5% of capital.

Respectively submitted,

A handwritten signature in black ink that reads "Justin Hughes". The signature is written in a cursive style with a prominent upward stroke on the letter 'H'.

Justin Hughes, CFA
Managing Member, Philadelphia Financial Management of San Francisco

Exhibit I

Where is The Account Profitability Disclosure?

The Following Pages Are Screenshots of the Page
Sequence a New Investor Would Need To Navigate To
Find the Legally Required Account Profitability Disclosure

Open an Account

[Live Account](#) [Practice Account](#)

Fast and secure. Complete and submit your application online.

With FOREX.com's secure online application, opening an account is fast and convenient – you can complete the application in just 10 minutes. Once your application is approved, you can fund your account and start trading immediately.



If you have questions or need assistance at any point in the process, use our **Live Chat** feature for help from a Forex Specialist.

If you'd prefer to complete and submit a paper application, visit the **Download Center** to select the form for the account type you want, or **contact us** via email or phone to let us know you'd like us to send you an application via regular mail.

Interested in MetaTrader 4?

You will need to open a FOREX.com MetaTrader account to access the MT4 trading platform. Your FOREX.com trading login will not work.

To learn more about FOREX.com's MetaTrader offering, visit www.forex.com/metatrader.

FOREX.com is not currently accepting account applications from residents of Nigeria. U.S. governmental restrictions and our policies prohibit us from opening accounts from the following restricted OFAC sanctioned countries: Afghanistan, Burma (Myanmar), Cote d'Ivoire (Ivory Coast), Cuba, Democratic Republic of Congo, Former Liberian Regime of Charles Taylor, Iran, Iraq, Libya, North Korea, Somalia, Sudan, Syria, Unita (Angola) and Zimbabwe, as well as other individuals specifically sanctioned.

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Live Help

Secure Online Account Application

1.877.FOREX



Congratulations! You're ready to begin the account opening process with FOREX.com.

This application takes approximately 10 minutes to complete. If at any time you require assistance, click the 'Live Help' button at the top of each page to chat with one of our Forex Specialists.

* Required information

Provide Personal Information for Primary Account Holder:

Prefix: * First: ** Middle: Last: **

Email Address: * Verify Email Address: *

Important: Email is our primary method of contacting you, both to complete the application process and for ongoing client communication.

Country Of Residency: *

Set Account Credentials

User ID: *

Enter Password: * Verify Password: *

8 character minimum (must contain letters and numbers).

Be sure to write down your password and put it in a secure place, you will need it to log into your account.

Security Question: *

Answer: * Verify Answer: *

Save and Continue



FOREX.com is not currently accepting account applications from residents of Nigeria. U.S. governmental restrictions and our policies prohibit us from opening accounts from the following restricted OFAC sanctioned countries: Afghanistan, Burma (Myanmar), Cote d'Ivoire (Ivory Coast), Cuba, Democratic Republic of Congo, Former Liberian Regime of Charles Taylor, Iran, Iraq, Libya, North Korea, Somalia, Sudan, Syria, Unita (Angola) and Zimbabwe, as well as other individuals specifically sanctioned.

We are committed your information se information will nev with a third party. [Privacy Policy](#).

Additional Inf

How long will this What information

Secure Online Account Application

1.877.FOREX



* Required information

Choose Account Preferences:

- Mini** (10K Lots) **Standard** (100K Lots)

Choose an Account Type:

- Individual** - I will be the sole owner of this account
- Joint** - I am opening this account with another person
- Corporate** - A corporation chartered by a state
- Partnership** - A partnership (general or limited liability) among individuals or companies not registered or incorporated in any state
- Sole Proprietorship** - A company owned and operated by an individual but not registered or incorporated in any state
- Limited Liability Corporation(LLC)** - A limited liability company authorized by a state
- Trust** - A fiduciary relationship whereby an individual (trustor) grants control of property to another individual or institution (trustee) for the benefit of a beneficiary
- IRA** - Individual Retirement Account
- Other**

Additional Information:

- My account will be managed by a third party.



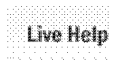
Additional Inf

What is the differ
Mini and Standard

Joint Tenants with
Survivorship (JTW

Tenants in Comm

Where can I find
account types?



Secure Online Account Application

1.877.FOREXGO



Additional Information

Citizenship status

What is an ITIN?

* Required information

Provide Identification and Citizenship Information for Primary Account Holder:

Citizenship Status*

- I am a U.S. citizen
- I am NOT a U.S. citizen

Enter Social Security Number (SSN) or ITIN: *

569 - 66 - 1966 (XXX-XX-XXXX)

Date of Birth: *

10 / 10 / 1963 (MM/DD/YYYY)

Back Save and Continue





Secure Online Account Application

1.877.FOREXGO



Additional Information

Citizenship status
What is an ITIN?

* Required information

Provide Identification and Citizenship Information for Primary Account Holder:

Citizenship Status*

- I am a U.S. citizen
- I am NOT a U.S. citizen

Enter Social Security Number (SSN) or ITIN: *

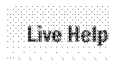
569 - 66 - 1966 (XXX-XX-XXXX)

Date of Birth: *

10 / 10 / 1963 (MM/DD/YYYY)

Back Save and Continue





Secure Online Account Application

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Additional Information

Why do I need to provide this information?

* Required information

Provide Employment Information for Primary Account Holder:

Employment Status: *

Select One

Affiliations:

- 1. Are you employed by a registered broker/dealer? * Yes No
- 2. Are you employed by a Futures Commission Merchant (FCM)? * Yes No
- 3. Are there any undisclosed persons with a financial interest in this account? * Yes No

Industry regulations require us to obtain the information requested in this section.

Back

Save and Continue





Live H

Secure Online Account Application

1.877.FOREX



Additional Inf

Why do I need to this information?

Please correct the following information:

- Business Name is missing
- Business Country is missing
- Business Street Address 1 is missing
- Business City is missing
- Occupation is missing

* Required information

Provide Employment Information for Primary Account Holder:

Employment Status: *

Business Information:

Business Name: * *

Country: * *

Street address 1: * *

Street address 2:

City: * * State:

Zip/Postal Code:

Occupation: * *

Affiliations:

1. Are you employed by a registered broker/dealer? * Yes No
2. Are you employed by a Futures Commission Merchant (FCM)? * Yes No
3. Are there any undisclosed persons with a financial interest in this account? * Yes No

Industry regulations require us to obtain the information requested in this section.





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Additional Inf

Why are you asking for financial information?

* Required information

Enter Initial Deposit

US\$ * (No comma, no \$ sign)

Trading Experience(exclude retirement investment):

Stocks/Equities * Options *

Futures * Forex *

Financial Information:(combined for joint)

Annual Income:*

Net Worth:*

Risk Capital, including initial deposit: *
(If lost, would not change your lifestyle)

Do you have or have you ever had any other trading accounts with GAIN Capital Group or its affiliates?* Yes No

How did you hear about us?

How did you hear about us?*

Enter Promotional Code

*Optional





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Please review the information you have entered. If you make any changes, change your entries by clicking the appropriate button. Click "Continue" to process your application.

Personal Information for Primary Account Holder

Name: Mr. Chris Glubka [Edit](#)
Email Address: chris@phillyfin.com
Country Of Residency: Albania

Account Credentials:

User ID: seaglubka [Edit](#)
Password: *****
Security Question: Pet's name?
Answer: *****

Choose an Account Type:

Account Type: Mini Individual [Edit](#)

Home Address for Primary Account Holder:

Home Address: 450 Sansome
San Francisco CA 94111
Albania [Edit](#)
Mailing Address: same as home address
Home Phone: 415-352-4465
Alternate Phone:

Identification and Citizenship Information for Primary Account Holder:

Citizenship Status: I am a U.S. citizen [Edit](#)
SSN/ITIN: 569-66-1966
Date of Birth: 10/10/1963(MM/DD/YYYY)

Employment Information for Primary Account Holder:

Employment



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- 1 Choose Account Type
- 2 Tell Us About Yourself
- 3 Funding & Financial Information
- 4 Review
- 5 Accept Agreements

* Required information

Please review the following account documents and acknowledge your consent by selecting "Yes" in the boxes below.

Last Updated on 07/05/2011

CUSTOMER AGREEMENT

This Agreement sets forth the terms and conditions governing your Account at Forex.com ("Forex.com"), a division of GAIN Capital Group, LLC and all Contracts and other transactions in this Account with Forex.com. In this Agreement, the undersigned customer is referred to as "Customer" or "You."

1. **DEFINITIONS.** Terms capitalized in this Agreement are defined in the Glossary as found on Forex.com website, www.forex.com/glossary.

- | | |
|---|---|
| <p>1. <u>Customer Agreement</u>*</p> <p>2. <u>Risk Disclosure Statement</u>*</p> <p>3. <u>Trading Policies and Procedures</u>*</p> <p>4. <u>High Risk Investment Notice</u>*</p> <p>5. <u>Secondary Risk Disclosure</u>*</p> | <p>I Agree</p> <p><input type="radio"/> Yes <input type="radio"/> No</p> <p><input type="radio"/> Yes <input type="radio"/> No</p> <p><input type="radio"/> Yes <input type="radio"/> No</p> <p><input type="radio"/> Yes <input type="radio"/> No</p> <p><input type="radio"/> Yes <input type="radio"/> No</p> |
|---|---|

By checking the box below, I represent that **Chris Glubka** is the person identified in this Account Application; I am electronically signing this Account Application which includes and incorporates the Customer Agreement, Risk Disclosure Statement, Trading Policies and Procedures, High Risk Investment Notice and Secondary Risk Disclosure which will have the same effect as the execution of these documents by a written signature as valid legal binding evidence of my intent and agreement to be bound. I further acknowledge that I have read and understand the Customer Agreement, Risk Disclosure Statement, Trading Policies and Procedures, High Risk Investment Notice and Secondary Risk Disclosure and that I consent to the use of an electronic record of the Account Application and Terms and Conditions as full satisfaction of any requirement these document be provided to me in writing.

* I, **Chris Glubka**, agree to the above statement.

Applicants who choose to read the customer agreement, must read the next 19 pages through this little window

CUSTOMER AGREEMENT

This Agreement sets forth the terms and conditions governing your Account at Forex.com ("Forex.com"), a division of GAIN Capital Group, LLC and all Contracts and other transactions in this Account with Forex.com. In this Agreement, the undersigned customer is referred to as "Customer" or "You."

1. **DEFINITIONS.** Terms capitalized in this Agreement are defined in the Glossary as found on Forex.com website, www.forex.com/glossary.
2. **SERVICES PROVIDED.** Subject to the terms and conditions of this Agreement and acceptance of Customer's application to open an Account with Forex.com, Forex.com will maintain one or more Accounts in Customer's name and will effect cash settled and physically settled transactions with and for Customer in the international Over-the-Counter Foreign Currency (foreign exchange) markets and metal markets on a spot basis, and provide such other services and products as Forex.com may, in its sole discretion, determine from time to time in the future. Unless expressly stated otherwise in writing, all Contracts and other transactions entered into between Forex.com and Customer shall be governed by the terms of this Customer Agreement, as amended from time to time (including, without limitation, Forex.com's Trading Policies and Procedures).
3. **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 Forex.com's Risk Disclosure Statement or Trading Policies and Procedures are revised, updated or amended, Customer represents and warrants to Forex.com and agrees for the benefit of Forex.com that:
 - 3.1. if Customer is a natural person, Customer is of sound mind, legal age (18 years old in the United States) and legal competence.
 - 3.2. if Customer is not a natural person, (i) Customer is duly organized and validly existing under the applicable laws of the jurisdiction of its organization; (ii) 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; and (iii) 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.
 - 3.3. 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.
 - 3.4. 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 Forex.com (other than the security interest granted to Forex.com hereunder) to any person without Forex.com's 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 Forex.com hereunder) without Forex.com's prior written consent.
 - 3.5. Customer will execute and deliver all documents, give all notices, make all filings and take such other actions as Forex.com, in its sole discretion, deems necessary or desirable to evidence or perfect any security interest in favor of Forex.com or to protect Forex.com's interests with respect to any Collateral.
 - 3.6. Customer has read and understands the provisions contained in this Agreement, including, without limitation, Forex.com's Risk Disclosure

Statements and Trading Policies and Procedures, Customer will review the Agreement each time it is amended. Customer will not affect any Opening Transaction in Customer's Account unless Customer understands Forex.com's revised Agreement, and Customer agrees that in effecting any Opening Transaction it is deemed to represent that it has read and understands Forex.com's revised Agreement as in effect at the time of such Opening Transaction.

- 3.7. Customer has either: (x) effected foreign currency and spot metal transactions with Forex.com or with other foreign currency and spot metal dealers for at least six (6) months; or (y) Customer agrees to trade on Demo Trading System available to him/her on the Website, and acknowledges that Forex.com may, in its sole discretion, decline to permit any real trades to be effected in Customer's Account until Customer has, in Forex.com's sole judgment, satisfactorily traded on the Demo Trading System.
- 3.8. Customer agrees to comply with all applicable law. You may not use your personal account with Forex.com for any illegal activity.
- 3.9. All information provided by Customer to Forex.com, including information regarding Customer's trading experience and investment sophistication, is true, correct and complete, and Customer will notify Forex.com promptly of any changes in such information.
- 3.10. The risk capital provided as part of the Customer Application will be immediately amended upward upon the Customer depositing funds in excess of the risk capital initially provided.

4. TRADING. Customer authorizes Forex.com to purchase and sell physically settled and cash settled Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts on a spot basis for Customer's Account in accordance with Customer's instructions received through the Forex.com Online Trading System or via telephone to the Forex.com Trading Desk, subject to the terms of this Agreement, including the Annexes hereto and the Customer Account Application, including any applicable addenda thereto. Customer agrees to be conclusively responsible for any instruction received electronically that is identified with Customer's password and Account number and for any electronic, oral and written instruction (including, but not limited to, any Order) to Forex.com from persons Forex.com, in its sole judgment, believes are apparently authorized by Customer. If Customer's Account is titled as a joint account, Forex.com is authorized to act on the instructions of any one owner, without further inquiry, with regard to trading in the Account and the disposition of any and all assets in the Account. Forex.com 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 Forex.com in reliance on any such instructions or on the apparent authority of any such persons.

4.1. Pricing Information. Forex.com will make available, by posting on the Forex.com Online Trading System or by telephoning the Forex.com Trading Desk, Bid Prices and Ask Prices at which Forex.com is prepared to enter Foreign Currency Contracts, Cross Currency Contracts or Metal Contracts with Customer. Each Bid Price or Ask Price shall be for a Spot Contract with a specified Value Date and shall specify each Eligible Foreign Currency or tradable U.S. dollar-based currency pairs involved where applicable. Forex.com expects that these prices will be reasonably related to the bid prices and ask prices available in the market at that time for similar transactions, but a number of factors, such as communication system delays, high volume or volatility can result in deviations between prices quoted by Forex.com and other sources. Forex.com makes no warranty, express or implied, that Bid Prices and Ask Prices represent prevailing bid prices and ask prices. In addition, these Bid and/or Ask Prices may reflect, at the direction of the Introducing Broker named above, additional pips added to the BID and/or ASK price that may result in an increase of the dealable spread available for the Customer's account as well as a per trade or per lot commission and/or fees. See Section 11-Charges.

4.2. Order Execution. Forex.com will attempt to execute all Orders that it may, in its sole discretion, accept from Customer in accordance with Customer's instructions received through the Forex.com Online Trading System or via telephone to the Forex.com Trading Desk. In cases where the prevailing market represents prices different from the prices Forex.com has posted on our screen, Forex.com will attempt, on a best efforts basis, to execute trades on or close to the prevailing market prices. This may or may not adversely affect customer realized and unrealized gains and losses. All Contracts made

and entered into by Forex.com hereunder will be entered into by Forex.com as principal. Customer acknowledges, understands and agrees that Forex.com is not acting as a broker, intermediary, agent, and advisor or in any fiduciary capacity. Notwithstanding the provisions of this Paragraph, Customer acknowledges, understands and agrees that all non-market orders such as Limit Orders, Stop/Loss Orders, One Cancels the Other Orders, Day Only Orders, and Good till Cancelled Orders, are accepted by Forex.com and undertaken on an "best-efforts basis" in accordance with the relevant provisions of the Trading Policies and Procedures, as amended from time to time.

- 4.3. **Trade Matching.** Forex.com or its affiliates may, at a future date, establish a trade matching system or determine to route Customer's orders to a trade matching system operated by third parties. In that event, Forex.com, and/or any one or more of its affiliates, shall have the right (but not the obligation), in the sole discretion of Forex.com or any such affiliate, to act for its own account, and as a counter party or as a broker to Forex.com customers, in the making of markets and the purchase and sale of Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts via any medium, including without limitation, over any trade matching network in use by Forex.com customers and/or the general public.
- 4.4. **Transmission.** Forex.com shall have no responsibility for delays in the transmission of orders due to disruption, 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 arising other than as a direct result of Forex.com's gross negligence.
- 4.5. **Position and Trading Limits.** Forex.com reserves the right to limit the number of Open Positions that Customer may enter or maintain in Customer's Account. Forex.com reserves the right, in its sole discretion, to refuse to accept any Order opening a new position or increasing an Open Position.
5. **MARGIN REQUIREMENTS.** Customer shall provide to and maintain with Forex.com Margin in such amounts, in cash or other such forms, and within such limits as Forex.com, in its sole discretion, may from time to time require. Customer's Account will be under the control of Forex.com. Forex.com may change Margin requirements at any time, without prior notice to Customer, and may call for additional Margin ("Margin Call") at (x) any time Customer's Margin Balance falls below Forex.com's Minimum Margin Requirement as applied to that Account; and (y) any time Forex.com, in its sole discretion, believes that it is prudent to do so. Forex.com may at any time liquidate Customer's Account in accordance with Paragraph 9. Forex.com may withdraw funds from the Customer's account without notice: (x) to ensure that Posted Margin equals or exceeds Required Margin; and (y) to satisfy any payment obligation to Forex.com, including commissions, fees and charges in respect of Customer's Account. In the event that Customer directs Forex.com to sell any Margin, Collateral, Contract or other property and Forex.com is unable to deliver such Margin, Collateral, Contract or other property to a purchaser because Customer fails to deliver it to Forex.com, Forex.com may borrow or purchase any Margin, Collateral, Contract or property necessary to make such delivery, and Customer hereby agrees to guarantee and hold Forex.com harmless against any liability, claim, loss, damage, cost or expense, including attorneys' fees that Forex.com may sustain.
6. **SECURITY AGREEMENT.** In order to secure any indebtedness or other obligations at any time owing from Customer to Forex.com, including, without limitation, (i) indebtedness or other obligations under any Account, Contract or other transaction with Forex.com; or (ii) any indebtedness or other obligations resulting from any guarantee by Customer of any Account, Contract or other transaction with Forex.com, Customer hereby assigns, pledges and grants to Forex.com a security interest in and right of setoff against: (i) all of Customer's Accounts with Forex.com; (ii) all Contracts, cash, securities and other property in Customer's Account at Forex.com or delivered or otherwise provided by Customer to secure its indebtedness or other obligations to Forex.com or in Forex.com's 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"). At any time, in Forex.com's sole discretion and without prior demand or notice,

Forex.com may apply any or all cash (or sell or buy in any such Contracts, securities or other property and apply the proceeds there from) to any such indebtedness or other obligations, notwithstanding that such indebtedness or other obligations arise in an Account other than the Account in which the cash, Contracts, securities or other property were held or generated. Notwithstanding Section 9-207 of the New York Uniform Commercial Code, Forex.com 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 Forex.com) 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 Forex.com, its custodian or a nominee for either. Any failure by Forex.com to enforce its rights hereunder shall not be deemed a future waiver of such rights by Forex.com. Forex.com 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 Forex.com deems necessary or desirable to evidence or to protect Forex.com's interest with respect to any Collateral. In the event that the Collateral deemed acceptable to Forex.com ("Eligible Collateral") is at any time insufficient to satisfy Customer's indebtedness or other obligations to Forex.com, including obligations to provide Margin in accordance with Paragraph 5 hereof, Customer shall promptly pay upon demand the entire amount of such deficit.

- 7. NOVATION OF OPPOSING CONTRACTS.** Whenever there may exist in any Customer Account two (2) or more open and opposite Contracts providing in whole or in part for the purchase and sale of the same Foreign Currency, Cross Currency Pairs or Metal Contracts on the same Value Date, such Contracts shall automatically be canceled and replaced by an obligation to settle only the net difference between amounts payable in respect of the relevant currencies under the relevant Contracts, and/or the net difference between the quantities of the relevant currency deliverable there under.
- 8. SETTLEMENT DATE; ROLLOVERS; DELIVERY.** In cases where transactions are executed for physical delivery, instructions on the settlement of Open Positions must be given to Forex.com at least two (2) Business Days prior to the Value Date. In the absence of instructions from Customer directing Forex.com to deliver, offset, or roll over Open Positions, Forex.com is authorized, in Forex.com's sole discretion, to deliver, roll over or offset all or any portion of the Open Positions in Customer's Account at Customer's risk. Delivery of Foreign Currency shall be made to the bank specified by the purchaser in a major city in the country in which the Foreign Currency is the legal tender. Unless otherwise agreed by Forex.com and Customer in writing, the Foreign Currency shall be deliverable by wire transfer. Forex.com may require payment of amounts due from Customer to Forex.com prior to 16:30 ET on any day prior to payment of amounts due and payable by Forex.com to Customer on that day. Forex.com and Customer shall exchange, make use of, and periodically update and confirm any standing payment instructions. Spot Metal deliveries will take place at a location and custodian as approved by Forex.com. Sufficient funds to take delivery or the necessary delivery documents must be in the possession of Forex.com. If instructions, funds and documents are not received by Forex.com by the specified time, Forex.com may, in its sole discretion and without notice to Customer, offset Customer's Open Positions, roll over Customer's Open Positions into the next settlement time period, or make or receive delivery on behalf of Customer upon any terms and by any methods deemed reasonable by Forex.com, in its sole discretion. Terms and/or methods for delivering, offsetting, or rolling over Customers' Open Positions may differ on a Customer-by-Customer basis relative to the current balance in the Customer's Account.
- 9. LIQUIDATION OF ACCOUNTS AND DEFICIT BALANCES.** In the event of: (a) an Event of Default; (b) insufficient Margin, or Forex.com's determination that any Collateral deposited to protect Customer's Account is inadequate, regardless of current market quotations, to secure Customer's Account; or (c) any other circumstances or developments that Forex.com, in its sole discretion, deems appropriate for its protection, Forex.com may, in its sole discretion, take one or more, or any portion, of the following actions: (1) satisfy any obligation Customer may have to Forex.com (either directly or by way of guarantee or suretyship) out of any of Customer's funds or property in the custody or control of Forex.com; (2) sell or purchase any or all Contracts and any securities or other property held or carried for Customer;

and (3) cancel any or all outstanding Orders or Contracts or other transactions or commitments made by or 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 legal representatives, heirs, executor, administrator, trustee, legatee, successors or assigns and regardless of whether the ownership interest is held individually or jointly with others. Any prior demand or notice of sale or purchase shall not be considered a waiver of Forex.com's right to sell or buy at any time in the future without demand or notice as provided above. In liquidation of Customer's Long Positions and Short Positions, Forex.com may, in its sole discretion, offset in the same settlement or it may initiate new Long Positions or Short Positions in order to establish a spread or straddle that in Forex.com's sole judgment may be advisable to protect or reduce existing positions in Customer's Account. Any sales or purchases may be made according to Forex.com's judgment and in its sole discretion in any interbank, Over-the-Counter or other exchange market where such business is then usually transacted or at a public auction or private sale, and Forex.com may purchase the whole or any part thereof free from any right of redemption. Customer shall only be liable for the payment of any deficit balance in Customer's Account upon demand by Forex.com where such deficits are the result of a mark to market after a weekend or holiday. In such 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 Forex.com or by Customer. In such events the proceeds realized pursuant to liquidation are insufficient for the payment of all liabilities of Customer due to Forex.com, Customer shall promptly pay upon demand the entire amount of any such deficit, together with all other deficits and all unpaid liabilities of Customer, including, but not limited to, all costs of enforcement and collection, such as, but not limited to, attorneys' fees, witness fees and travel expenses, interest on any such deficit and liabilities at a rate equal to three (3) percentage points above the then prevailing prime rate at Forex.com's principal bank or the maximum interest rate allowed by law, whichever is lower. In the event Forex.com incurs expenses other than for the collection of deficits, with respect to Customer's Account, Customer agrees to pay such expenses.

- 10. FUTURES COMMISSION MERCHANT AND RETAIL FOREIGN EXCHANGE DEALER.** Forex.com is a registered Futures Commission Merchant and Retail Foreign Exchange Dealer (FCM/RFED) (NFA ID# 0339826), a member of the National Futures Association (NFA) and is regulated by the Commodity Futures Trading Commission (CFTC). For more information on the NFA and its policies visit <http://www.nfa.futures.org>. For information regarding Forex.com, Commodity Futures Trading Commission (CFTC) registration, NFA membership information, regulatory and non-regulatory actions, please visit NFA's Background Affiliation Status Information Center (BASIC) at <http://www.nfa.futures.org/basicnet/>.
- 11. CHARGES.** At this time Forex.com charges no brokerage fees or commissions. Forex.com is compensated for its services through the bid/ask spread. Forex.com may charge for incidental banking-related fees such as wire charges for deposits/withdrawals and returned check fees and inactivity fees. Forex.com may charge monthly inactivity fees in any account wherein there is no trading activity for at least thirty (30) days. Forex.com reserves the right to change its fee structure at any time without notice. Fees do not currently, but may in the future include such things as statement charges, order cancellation charges, account transfer charges, telephone order charges or fees imposed by any interbank agency, bank, contract, market or other regulatory or self-regulatory organization arising out of Forex.com's provision of services hereunder. Customer may incur additional fees for the purchase of optional, value added services offered by Forex.com.
- 12. INTRODUCING BROKERS.** If Customer's account has been introduced to Forex.com by an Introducing Broker ("IB"), Customer understands and acknowledges that Forex.com may compensate Introducing Broker for introducing Customer to Forex.com and that such compensation may be on a per trade or other basis. The following is an allocation of responsibilities for each entity. It is intended to be a general disclosure and not a definitive enumeration of each and every responsibility. The Introducing Broker shall have the following responsibilities with respect to Customer's account:

- Contacting, soliciting and/or communicating with Customer regarding investment opportunities and objectives.
- Complying with all laws, rules and regulations applicable to any arrangement or understanding that IB and Customer may have.
- Determining any commissions and fees, whether on a per trade basis or other basis, to be charged for Customer's transactions, in addition to Forex.com's standard commissions and fees.

As the clearing firm for Customer's account, GAIN Capital shall have responsibility for performing the following services:

- Opening, approving and servicing Customer's account(s), including obtaining and verifying new account information as required by law and regulation.
- Maintaining account records on Customer's behalf.
- Accepting and executing transactions in Customer's account(s).
- Determining margin, paying and charging interest, rolling over of open positions, liquidating under-margin positions, and supervising rehypothecation of any funds in Customer's Account(s).
- Debiting from Customer's account any commissions or fees owed to IB or other third party.
- Preparing and transmitting to Customer monthly or, if appropriate, quarterly account statements electronically.
- Responding to inquiries or complaints regarding Customer's account.

13. FOREIGN ACCOUNTS. Customers not residing in the United States ("Foreign Accounts") may be asked to comply with requests for special information by Forex.com as required by any governmental unit or regulatory agency. This includes, but is not limited to, special calls for information. In the event of a special call for information, Forex.com or its agent shall be required to obtain the information set forth by any governmental unit or regulatory agency requesting information. In addition, failure to respond to a special call may cause transactions to be prohibited (other than offsetting trades) for Customer. Foreign Accounts must copy and forward an official form of picture identification and must provide a bank reference before Customer is approved for trading.

14. TRADE CONFIRMATIONS. 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 17:30 ET on the day of execution. Reports of the confirmation of orders and statements of Accounts for Customer shall be deemed correct and shall be conclusive and binding upon Customer the sooner of: (x) two (2) Business Days after transmittal to Customer by posted mail; or (y) immediately with respect to Orders confirmed via the Forex.com Online Trading System. Customer may object to confirmations and statements by telephone within the time frames identified above, but any such objection must be confirmed by e-mail to info@forex.com or in writing within two (2) Business Days thereafter to Forex.com, (which confirmation shall be deemed received only if actually delivered or mailed by registered mail, return receipt requested to Forex.com at such address). Failure to object shall be deemed ratification by Customer of all actions taken by Forex.com or Forex.com's agents prior to Customer's receipt of such reports. Customer's failure to receive a trade confirmation shall not relieve Customer of the obligation to object as set out herein. Customer agrees to immediately call to Forex.com's attention any oral information that Customer has reason to believe is inconsistent with Customer's own information. Customer understands, acknowledges and agrees that errors, whether resulting in a profit or loss to Customer, shall be corrected, and Customer's Account will be credited or debited in such manner and extent as to place Customer's Account in the same position in which it would have been had the error not occurred.

15. COMMUNICATIONS. Reports, statements, notices and any other communications from Forex.com may be transmitted to Customer by (x) placement on Forex.com's Website; or (y) United States mail or other delivery service to Customer's current address as reflected on Forex.com's records. Customer shall notify Forex.com immediately of any change in

Customer's address by e-mail to info@forex.com or by United States mail or other delivery service to Forex.com, Operations Group Bedminster One, 135 Route 202/206, Bedminster, NJ 07921 USA. All communications sent by Forex.com shall be deemed effective when deposited by Forex.com in the United States mail or with another delivery service, or when received by a transmitting agent (such as an Internet service provider) for transmission to Customer, whether actually received by Customer or not. All communications sent by Customer shall not be deemed effective until accepted by Forex.com.

- 16. Forex.com RESPONSIBILITIES.** Neither Forex.com nor GAIN Capital shall be liable to Customer for any claims, losses, damages, costs or expenses, including attorneys' fees, caused, directly or indirectly, by any events, actions or omissions, including, without limitation, claims, losses, damages, costs or expenses, including attorneys' fees, resulting from civil unrest, war, insurrection, international intervention, governmental action (including, without limitation, exchange controls, forfeitures, nationalizations, devaluations), natural disasters, acts of God, market conditions, inability to communicate with any relevant person or any delay, disruption, failure or malfunction of any transmission or communication system or computer facility, whether belonging to Forex.com, GAIN Capital, Customer, any market, or any settlement or clearing system.
- 17. INTELLECTUAL PROPERTY AND CONFIDENTIALITY.** All copyright, trademark, trade secret and other intellectual property rights in the Forex.com Online Trading System ("Trading System") shall remain at all times the sole and exclusive property of Forex.com and/or its 3rd party service providers and Customers shall have no right or interest in the Trading System(s) except for the right to access and use the Trading System(s) as specified herein. Customer acknowledges that the Trading System(s) are confidential and have been developed through the expenditure of substantial skill, time, effort and money. The Customer will protect the confidentiality of Forex.com and/or its 3rd party service providers by allowing access to the Trading System(s) only by its employees and agents on a need to access basis. Customer will not publish, distribute, or otherwise make information available to third parties any information derived from or relating to the Trading System(s). Customer will not copy, modify, de-compile, reverse engineer, and make derivative works of the Trading System(s) or in the manner in which it operates.
- 18. INDEMNIFICATION.** Customer agrees to indemnify and hold Forex.com, its affiliates, employees, agents, successors and assigns harmless from and against any and all liabilities, claims, losses, damages, costs and expenses, including attorneys' fees, incurred by Forex.com arising out of: (i) Customer's failure to fully and timely perform its obligations hereunder; and (ii) any of Customer's representations and warranties made that may at any time be untrue or incorrect. Customer also agrees to pay promptly to Forex.com any and all claims, losses, damages, costs and expenses, including attorneys' fees, incurred by Forex.com in the enforcement of any of the provisions of this Agreement, any Contracts and other transactions hereunder, and any other agreements between Forex.com and Customer and the collection of any amounts due hereunder and there under.
- 19. DISCLOSURE OF CUSTOMER INFORMATION.** Forex.com will not share or sell information regarding its customers and/or prospective customers, except to its employees, agents, partners, and associates as required in the ordinary course of Forex.com's business conducted on behalf of customers, including, but not limited to, Forex.com's banking or credit relationships. Forex.com 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 or in response to a court order or subpoena. To read Forex.com's entire privacy policy, please visit: http://forex.com/privacy_policy.html.
- 20. JOINT ACCOUNTS AND/OR TRUST ACCOUNTS.** If more than one natural person executes this Agreement as Customer, 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, unincorporated association, partnership, custodian or other fiduciary, such Customer hereby agrees to indemnify, defend, save and hold free and harmless Forex.com for

any liabilities, claims, losses, damages costs and expenses, including attorneys' fees, resulting directly or indirectly from breach of any fiduciary or similar duty or obligation or any allegation thereof, including attorneys' fees.

- 21. AMENDMENTS.** Customer understands, acknowledges and agrees that Forex.com may amend or change this Agreement at any time. Forex.com will provide notice to Customer of any such amendment or change by posting the amendment or change to the Website or by sending an e-mail message to Customer. Customer agrees to be bound by the terms of such amendment or change on the earlier of: (x) ten (10) days after Forex.com has posted notice of such amendment or change to the Corporate Website; or (y) 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 Forex.com 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 Corporate Website. No waiver or amendment of this Agreement may be implied from any course of dealing between the parties or from any failure by Forex.com 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.
- 22. TERMINATION.** This Agreement shall continue and be in effect until termination by Customer or Forex.com. Customer may terminate this Agreement if: (i) Customer has no open Foreign Currency positions and no liabilities held by or owed to Forex.com; and (ii) Customer has provided three (3) days' written notice to Forex.com by e-mail to info@forex.com or by United States mail or other delivery service to Forex.com and (iii) Forex.com has accepted the notice as provided in Section 16 hereof. Forex.com may, in its sole discretion, terminate this Agreement at any time, effective as of the close of business on the day notice is sent to Customer. Termination by either party shall not affect any Contracts or other transactions previously entered into and shall not relieve either party of any obligations set out in this Agreement, nor shall it relieve Customer of any obligations arising out of any deficit balance.
- 23. ENTIRE AGREEMENT.** This Agreement together with the Customer Account Application embodies the entire agreement between Forex.com and the Customer, superseding any and all prior written and oral agreements.
- 24. RECORDINGS.** Customer acknowledges and agrees that any and all conversations between Customer and Forex.com principals, agents, employees or associates, including the Forex.com Trading Desk and customer service and operations desks may, at the option and in the sole discretion of Forex.com, 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 preceding that may arise involving Customer or Forex.com.
- 25. BINDING EFFECT.** This Agreement shall be continuous and shall cover, individually and collectively, all Accounts of Customer at any time opened or reopened with Forex.com, irrespective of any change or changes at any time in the personnel of Forex.com or its successors, assigns, or affiliates. This Agreement, including all authorizations, shall inure to the benefit of Forex.com and its successors and assigns, whether by merger, consolidation, or otherwise and shall be binding upon Customer and/or the personal representatives, heirs, executor, administrator, trustee, legatees, legal representative, successors and assigns of Customer.
- 26. LAW AND JURISDICTION; SEVERABILITY.** This Agreement is governed by, and shall be construed in accordance with the laws of the State of New York, United States of America without giving effect to any conflict of laws doctrine that would interfere with or prevent the application of this provision. With respect to any suit, action or proceeding ("Proceeding") relating to this Agreement, Customer irrevocably (i) submits to the exclusive jurisdiction of the State and federal courts located in the Borough of Manhattan, 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)

to the other party at the address set forth in this Agreement or updated as provided in Paragraph 15 hereof (where service of process is being made by Forex.com); (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 claim that such Proceeding have been brought in an inconvenient forum; (iv) agrees that any Proceeding shall be commenced within one (1) year after the cause of any such Proceeding shall have arisen; and (v) further waives the right to object, with respect to such Proceeding, that such court does not have jurisdiction over such party. Alternatively, at the option of either Forex.com or Customer, any proceeding hereunder may be submitted for arbitration before the American Arbitration Association at either the Association's New York or New Jersey Office. The arbitration shall be conducted according to the rules then in effect of the American Arbitration Association. Any award of the arbitrator(s) will be final and binding. If any clause of this Agreement is determined void or invalid by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect.

- 27. ACCEPTANCE.** This Agreement shall not be deemed to be accepted by Forex.com or become a binding contract between Customer and Forex.com until the signed Customer Account Application has been received and approved by Forex.com. In the event that there are any unauthorized alterations or deletions to this Agreement or related documents such alteration and deletions shall not be binding on Forex.com and said original forms shall govern Account.
- 28. RELATIONSHIP WITH GAIN CAPITAL.** Forex.com operates as a division of GAIN Capital Group, LLC. Forex.com utilizes GAIN Capital Group's trading systems, infrastructure, technology, operations and personnel to facilitate Customer trading. GAIN Capital Group, LLC is a registered Futures Commission Merchant and Retail Foreign Exchange Dealer (FCM/RFED) and a member of the National Futures Association (NFA ID# 0339826).
- 29. AUTHORIZATION TO TRANSFER FUNDS.** Customer hereby agrees that Forex.com may at any time and from time to time, in the sole discretion of Forex.com, apply and transfer from any of Customer's Accounts with Forex.com to any of Customer's other accounts, whether held at Forex.com or other approved financial institutions, any of the Contracts, currencies, securities or other property of Customer held either individually or jointly with others to another account.
- 30. SPOT METAL.** Spot Metal contracts are not subject to regulation by the U.S. Commodity Futures Trading Commission and National Futures Association under the Commodity Exchange Act.

Consent to Electronic Transmission of Account Statements

Customer hereby consents to receive account statements (monthly and daily statements) online. Forex.com will provide Customer with password-protected access to online reports. Customer will be able to generate daily, monthly and annual account statements detailing transaction activity, profit and loss statements, open positions, margin balances, account credits and debits, etc. Statements are deemed received when made available to Customer by Forex.com, regardless of whether Customer actually accessed the statement. Customer is responsible for alerting Forex.com to any change in their e-mail address. This consent shall be effective until revoked by Customer in writing and received by Forex.com according to paragraph 15 of this Customer Agreement.

Authorization To Transfer Funds

Customer hereby agrees that Forex.com may, at any time and from time to time, in the sole discretion of Forex.com, apply and transfer from any of Customer's Accounts with Forex.com to any of Customer's other accounts, whether held at Forex.com or other approved financial institutions, any of the Contracts, currencies, securities or other property of Customer held either individually or jointly with others to another account.

Agreement To Use Collateral

Customer authorizes Forex.com to sell, pledge, rehypothecate, assign, invest, commingle and otherwise use any Collateral held by Forex.com, including, but not limited to, using the Contracts as collateral for a loan to Forex.com, and, further

dealing with the Collateral, as provided in the Customer Agreement (including, but not limited to Paragraph 6 thereof). Where Customer's Account consists of more than one Account, this authorization shall apply to all of Customer's Accounts with Forex.com. This Agreement to Use Collateral shall remain in effect so long as Customer's Account with Forex.com remains open or Customer has any obligations of any kind to Forex.com, under the Customer Agreement.

Social Security / Tax ID Certification

Customer hereby certifies, under penalty of perjury, that (1) the number provided on the Customer Application is Customer's correct Social Security or Taxpayer Identification Number and (2) the ownership, or beneficiary, of Customer's Account is not subject to backup withholding under Section 3406(a)(1)(C) of the Internal Revenue Code.

eSignal Disclaimer of Warranty

If Customer should choose to utilize eSignal's Forex Tahoe Charts, eSignal hereby expressly disclaims all warranties of every kind, express and/or implied, as to the licensed products (including the information, data and software contained therein), the results obtained by their use, as to the performance thereof and every other matter, including, but not limited to, warranties of merchantability and fitness for a particular purpose. eSignal and its third party suppliers do not guarantee the adequacy, accuracy, timeliness or completeness of the licensed products or any component thereof. eSignal and its third party suppliers shall not be subject to any damages or liability for any errors, omissions or delays therein. The licensed products and all components thereof are provided on an "as is" basis.

I acknowledge that I am at least 18 years of age, and that I have received, read, and agree to be bound by the terms and conditions set forth in the Forex.com Customer Agreement as amended from time to time.

Last Updated on 07/05/2011

RISK DISCLOSURE STATEMENT

In consideration of Forex.com agreeing to enter into Over-the-Counter ("OTC") Foreign Exchange Contracts with the undersigned (hereinafter referred to as the "Customer"), Customer acknowledges, understands and agrees that:

- 1. Trading Is Very Speculative and Risky.** Foreign Exchange Trading and Spot Metal Trading is highly speculative and is suitable only for those customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of Margin or deposits. Foreign Exchange and Spot Metal Trading and is not an appropriate investment for retirement funds. Customer represents, warrants and agrees that Customer understands these risks; that Customer is willing and able, financially and otherwise, to assume the risks of Foreign Exchange Trading and Spot Metal Trading and that loss of Customer's entire Account Balance will not change Customer's life style.
- 2. High Leverage And Low Margin Can Lead To Quick Losses.** The high leverage and low Margin associated with Foreign Exchange Trading and Spot Metal Trading can result in significant losses due to price changes in Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts.

Customers must maintain the Minimum Margin Requirement on their Open Positions at all times. It is the customer's responsibility to monitor his/her Account Balance. Forex.com has the right to liquidate any or all Open Positions whenever the Minimum Margin Requirement is not maintained. Increasing leverage increases risk.

- 3. Prices, Margin And Valuations Are Set By Forex.com And May Be Different From Prices Reported Elsewhere.** Forex.com will provide prices to be used in trading, valuation of Customer positions and determination of Margin requirements. Although Forex.com expects that these prices will be reasonably related to prices available in the interbank market, prices reported by Forex.com may vary from prices available to banks and other participants in what is known as the interbank market. Forex.com will exercise considerable discretion in setting and collecting Margin. Forex.com is authorized to convert funds in Customer's Account for Margin into and from such Foreign Currency and Metal at a rate of exchange determined by Forex.com in its sole discretion on the basis of then-prevailing money market rates.
- 4. One Click Trading And Immediate Execution.** Forex.com's automated order entry systems provide immediate transmission of Customer's order once Customer enters the notional amount and clicks "Buy/Sell." There is no "second look" before transmission, and Market Orders cannot be cancelled. This feature may be different from other trading systems. Customer should utilize the Demo Trading System to become familiar with the order entry process before trading online with Forex.com. Customer agrees that by using Forex.com's order-entry system, Customer agrees to the one-click system and accepts the risk of this immediate transmission feature.
- 5. Telephone Orders And Immediate Execution.** Market Orders executed through the Forex.com Trading Desk are completed when Forex.com says "deal" or "done." At that point Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the Forex.com Trading Desk, Customer agrees to such immediate execution and accepts the risk of this immediate execution feature.
- 6. Market Recommendations Are Informational, Customer Makes Independent Decisions, And Forex.com Is Not An Adviser Or A Fiduciary To Customer.** The market recommendations provided by Forex.com do not constitute an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts, Cross Currency Contracts or Metal Contracts. Each decision by Customer to enter into a Contract or other transaction with Forex.com and each decision whether a Contract or other transaction is appropriate or proper for Customer is an independent decision by Customer. Forex.com is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that Forex.com has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Customer following Forex.com's trading recommendations or taking or not taking any action based upon any recommendation or information provided by Forex.com.
- 7. Recommendations Are Based On Personal Judgments And Are Not Guaranteed.** The market recommendations of Forex.com are based solely on the judgment of Forex.com's personnel. These market recommendations may or may not be consistent with the market positions or intentions of Forex.com, its affiliates and employees. The market recommendations of Forex.com are based upon information believed to be reliable, but Forex.com cannot and does not guarantee the accuracy or completeness thereof or represent that following such recommendations will reduce or eliminate the risk inherent in Foreign Exchange and Spot Metal Trading.
- 8. There is no Central Market or Clearinghouse Guarantee of Payment.** Foreign exchange trading with Forex.com is not conducted on a regulated market or exchange. Each Contract is a contract directly between Forex.com and the Customer. There is no clearinghouse and no guarantee by

any other party of Forex.com's payment obligations to the customer. Customer must look only to Forex.com for performance on all Contracts in Customer's Account and for return of any Margin or Collateral. The insolvency of Forex.com or a default by Forex.com could cause Customer to lose the value of its Account and to suffer additional losses from Open Positions.

- 9. No Guarantees Of Profit.** There are no guarantees of profit or freedom from loss in Foreign Exchange and Spot Metal Trading. Customer has received no such guarantees from Forex.com or from any of its representatives. Customer is aware of the risks inherent in Foreign Exchange Trading and is financially able to bear such risks and withstand any losses incurred.
- 10. Customer May Not Be Able To Close Open Positions.** Due to market conditions or other circumstances Forex.com may be unable to close out Customer's position at the level specified by Customer, and Customer agrees Forex.com will bear no liability for failure to do so.
- 11. Trading Ahead And Along.** Forex.com its personnel and affiliates and various other parties may execute orders at the same or better prices ahead of a Customer Order.
- 12. Third Party Agents.** In the event that Customer grants trading authority or control over Customer's Account to a third party (the "Trading Agent"), whether on a discretionary or non-discretionary basis, Forex.com shall in no way be responsible for reviewing Customer's choice of such Trading Agent or for making any recommendations with respect thereto. Forex.com makes no representations or warranties concerning any Trading Agent; Forex.com shall not be responsible for any loss to Customer occasioned by the actions of the Trading Agent; and Forex.com does not, by implication or otherwise, endorse or approve of the operating methods of the Trading Agent. If Customer gives the Trading Agent authority to exercise any of its rights over its Account, Customer does so at Customer's risk. Even though the undersigned grants authority to Trading Agent, client should be diligent and closely scrutinize all account activity. Forex.com provides online Account access at www.forex.com/reports, whereby Client may view their Account Value and Account Activity.
- 13. Internet Trading.** Since Forex.com does not control signal power, its reception or routing via Internet, configuration of Customer's equipment or reliability of its connection, Forex.com shall not be liable for any claims, losses, damages, costs or expenses, including attorneys' fees, caused, directly or indirectly, by any breakdown or failure of any transmission or communication system or computer facility or trading software, whether belonging to Forex.com, Customer, any market, or any settlement or clearing system when Customer trades online (via Internet).
- 14. Telephone Orders.** Forex.com is not responsible for disruption, failure or malfunction of telephone lines.
- 15. Quoting Errors.** Should a quoting error occur due to a mistype of a quote or a misquote given by telephone and/or electronic means (including responses to Customer requests), Forex.com is not liable for any resulting errors in Account Balances and reserves the right to make necessary corrections or adjustments on the Account involved. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by Forex.com, in its sole discretion, of the relevant Currency at the time such an error occurred. In cases where the prevailing market represents prices different from the prices Forex.com has posted on our screen, Forex.com will attempt, on a best efforts basis, to execute trades on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer Statements. This may or may not adversely affect customer realized and unrealized gains and losses.
- 16. Creditor Priority in Bankruptcy.** The transactions you are entering into with Forex.com are not traded on an exchange. Therefore, under the U.S.

Bankruptcy Code, your funds may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts, which receive a priority in bankruptcy. Since that same priority has not been given to funds used for off-exchange forex trading and spot metal trading, if Forex.com becomes insolvent and you have a claim for amounts deposited or profits earned on transactions with Forex.com, your claim may not receive a priority. Without a priority, you are a general creditor and your claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even customer funds that Company keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors.

Last Updated on 07/05/2011

TRADING POLICIES AND PROCEDURES

- 1. INTRODUCTION.** Forex.com's Trading Policies and Procedures are an integral part of your Customer Agreement. It is your responsibility as Customer to carefully read these Trading Policies and Procedures and to inform Forex.com of any questions or objections that you may have regarding them before entering each and every trading Order. In entering your trading Orders with Forex.com, you agree, represent, warrant and certify that you understand and accept these Trading Policies and Procedures, as they are set forth here and as may be amended from time to time by Forex.com, in its sole discretion, and you agree to comply with these Trading Policies and Procedures as currently in effect at any time. Terms capitalized in these Trading Policies and Procedures are defined in the Glossary as found on www.forex.com/glossary.
- 2. TRADING HOURS.** All references to Forex.com hours of trading are in U.S. Eastern Time ("ET") using a 24-hour format. Forex.com normally provides access for Foreign Exchange Trading and Spot Metal Trading on the Website from 17:00 ET on Sunday to 17:00 ET on Friday, but Forex.com reserves the right to suspend or modify its trading hours at any time and on such an event will inform clients in advance on a best efforts basis of any changes in its operating hours. OTC Foreign Currency and metal markets operate 24 hours a day. Following submission of an Order to trade, it is the sole responsibility of Customer to remain available for Order and Fill confirmations, and other communications regarding Customer's Forex.com Account until all open Orders are completed. Thereafter, Customer must monitor Customer's Account frequently when Customer has Open Positions in the Account.
- 3. TRADE ORDERS.**
 - 3.1 Order Entry.** All Orders must be placed through the Forex.com Online Trading System or by telephone to the Forex.com Trading Desk. Telephone orders are accepted in the sole discretion of Forex.com.
 - 3.2. Types of Orders Accepted.** Some of the types of Orders Forex.com accepts include, but are not limited to:
 - a) **Day Only Order** -- An order (other than a Market Order) that is effective until 17:00 ET on the day that it was requested.
 - b) **Good till Canceled Order ("GTC")** -- An Order (other than a Market Order), that by its terms is effective until filled or canceled by Customer. GTC orders do not automatically cancel at the end of the Business Day.
 - c) **Limit Order** -- An Order (other than a Market Order) to buy or sell the

identified Currency, or pair of Currencies, at a specified Foreign Exchange Rate or metal at a specified spot rate. A Limit Order to buy generally will be executed when the Ask Price equals or falls below the Foreign Exchange Rate or the metal rate as specified in the Limit Order. A Limit Order to sell generally will be executed when the Bid Price equals or exceeds the Foreign Exchange Rate or metal rate specified in the Limit Order.

- d) **Market Order** -- An Order to buy or sell the identified Currency, or pairs of Currencies, at the current market Foreign Exchange Rate or metal at the current market rate. An Order to buy is executed at the Ask Price, and an Order to sell is executed at the Bid Price.
- e) **One Cancels the Other Order ("OCO")** -- An order that is linked to another order. If one of the orders is executed, the other will be automatically cancelled.
- f) **Stop/Loss Order** -- An order to buy or sell at a specified Foreign Exchange Rate or spot metal rate away from the current market for the purpose of liquidating an Open Position during market conditions in which there has been an adverse movement in Foreign Exchange Rates or spot metal rates. Execution of such an order can occur at a rate adverse to the Stop/Loss order rate as specified by the Customer. A Stop/Loss Order to buy generally will be executed when the Ask Price equals or exceeds the Foreign Exchange Rate or spot metal rates as specified in the Stop/Loss Order. A Stop/Loss Order to sell generally will be executed when the Bid Price equals or falls below the Foreign Exchange Rate or spot metal rate specified in the Stop/Loss Order.

3.3. One Click Order Entry/One Click Execution of Market Orders.

3.3.1. Electronic Order entry for Market Orders equals Order

execution. To enter an online Order, Customer must access the deal entry screen, enter the notional amount, i.e., the size of the trade, and select the Eligible Foreign Currencies, Cross Currency Pairs or metal rates. When prepared to trade, Customer must then click on "BUY/SELL." The Order is filled shortly after the Customer hits "BUY/SELL", if the Customer has sufficient funds in his or her Account and a "deal failed" message is not received. Deals may fail for several reasons including changing dealer prices, insufficient margin, unspecified lot size or unanticipated technical difficulties.

3.3.2. Immediate Execution of Market Orders Through the

Forex.com Trading Desk. Market Orders executed over the telephone with the Forex.com Trading Desk are completed when Forex.com says "deal" or "done." At that point Customer has bought or sold and cannot cancel the Market Order. Customer agrees by placing Market Orders through the Forex.com Trading Desk to such immediate execution and accepts the risk of this immediate execution feature.

- 3.3.3. **Order Cancellation.** Non-market Orders may be cancelled via the Forex.com Online Trading System. Rapid changes in Bid Prices and Ask Prices, however, may cause Customer's Order to be executed before Customer can cancel it and Forex.com shall have no liability for any claims, losses, damages, costs or expenses, including attorneys' fees, arising directly or indirectly out of the failure of such Order to be cancelled. Customer may contact Forex.com by telephone if facing difficulty with order cancellation.

- 3.4. **Capacity.** Forex.com operates as a division of GAIN Capital Group, LLC. GAIN Capital Group, LLC is a registered Futures Commission Merchant and Retail Foreign Exchange Dealer (FCM/RFED) and a member of the National Futures Association (NFA ID # 0339826).

- 3.5. **Terms of Acceptance for Orders.** It is Customer's sole responsibility to clearly indicate the terms of an Order when entered, whether Market Order, Limit Order, Stop/Loss Order, Day-Only Order, OCO Order or GTC Order, including the Order's Value Date and specified Spot Rate limits, where applicable. Although a Spot Rate is specified upon entry of Stop/Loss Orders, Limit Orders and other non-market Orders, market conditions may often prevent the execution of an individual Customer's non-market Orders despite other dealing activity at that price level, or may often require non-market

Orders to be Filled at a substantially different Spot Rate, and Customer agrees to accept the best rate which Forex.com, in its discretion, may assign to the Fill. Customer acknowledges that Forex.com shall accept all non-market Orders only on a best-efforts basis. Forex.com shall have no liability for failure to Fill Orders, and makes no guarantee of an Order's priority over the Orders of Forex.com, its other customers, associated principals, officers, directors, affiliates, associates, employees, banks, bank employees or other dealers. Forex.com shall have the right, but not the obligation, to reject any Order in whole or in part before or after confirmation, or to cancel and rescind any Fill, where Customer's Account contains Margin that is insufficient TO SUPPORT THE ENTIRE ORDER at the time that market levels reach the order levels as specified by the client, or where, in the opinion and sole discretion of Forex.com, the execution of such Order may place Customer's Account in an insufficient Margin condition, or where such Order or Fill is illegal or otherwise improper.

- 3.6. **Confirmation of Fills.** Trades executed online will be confirmed online in the Activity Log, Deal Blotter, on the Execution Screen, and the Position Management Screen is updated online as each trade is executed. Telephone orders are verbally confirmed and confirmed online in the Deal Blotter and Position Management Screen by 17:30 ET on the day the order is placed. Confirmation of Fills, and statements of Accounts for Customer shall be deemed correct and shall be conclusive and binding upon Customer if not objected to immediately by phone or email if placed through Forex.com's Online Trading System or by telephone to the Forex.com Trading Desk, and such objection is confirmed in writing within three (3) days after transmittal to Customer by mail or otherwise. Forex.com reserves the right to be the final arbiter with respect to disputed Orders. In cases where the prevailing market represents prices different from the prices Forex.com has posted on our screen, Forex.com will attempt, on a best efforts basis, to execute trades on or close to the prevailing market prices. This may or may not adversely affect customer Realized and Unrealized Gains and Losses.

4. CUSTOMER ACCOUNTS; INITIAL DEPOSITS; DEMO TRADING SYSTEMS.

- 4.1. **Documents.** Before you can place an Order with Forex.com, you must complete the Customer Account Application and read, complete and sign the Customer Agreement, including the Risk Disclosure Statement, Secondary Risk Disclosure Statement and these Trading Policies and Procedures and all applicable addenda. You must deposit sufficient funds in your Account, your Customer Account Application must be approved by Forex.com, your deposited funds must have cleared the banking system, and you must have completed the Demo Trading Systems, if required to do so by Forex.com. Also, Forex.com must accept your Customer Account Application before Forex.com will permit you to trade in your Account. You will be notified by e-mail when your Customer Account Application has been approved. If a Customer applies online, Customer will be permitted to trade only after Forex.com has received a completed and signed Customer Account Application and Customer Agreement. Forex.com may, in its sole discretion, initially accept a fax copy of the signed Customer Account Application and may permit one or more trades if Customer has deposited sufficient funds into the Account. In this case, Forex.com must receive an original signed copy of the entire Customer Account Application and Customer within seven (7) days of completion of the online Customer Account Application. If Forex.com does not receive the Customer Account Application and Customer Agreement with original signatures, Forex.com reserves the right to liquidate any Open Positions in the Account and to close the Account.
- 4.2. **Currency for Rendering Accounts.** All initial deposits to Customer Accounts will be accepted only in U.S. Dollars, and, unless settlement and delivery of a Foreign Currency have taken place, all Account Balances will be computed and reported only in U.S. Dollars.
- 4.3. **Recognition of Deposits.** No deposit shall be recognized until the wire or check has been fully cleared and collected by Forex.com's bank or depository institution. You will be notified via e-mail once your funds have been received by Forex.com and are available for trading.

- 4.4. **Fees.** All banking fees shall be charged to Customer's Account at Forex.com's discretion, including a \$25.00 Forex.com fee, over and above any bank fees, for each returned check.
- 5. MARGIN REQUIREMENTS.** Customer shall provide and maintain with Forex.com margin in such amounts and in such form that Forex.com, in its sole discretion may require. Forex.com does not require Customers to pay the full price of Foreign Currencies or metal Customer may buy and sell. Instead, Customer is required to post a small percentage of the full amount which Customer is obligated to pay to Forex.com under the Contract, to secure Customer's obligations to Forex.com. Margin includes Required Margin for Open Positions, which is based on (i) the Opening Margin Requirement; (ii) the Minimum Margin Requirement; (iii) the market value of Open Positions; and (iv) any additional amount as Forex.com, in its sole discretion, believes is prudent to require. Customer must maintain the Minimum Margin Requirement on their Open Positions at all times. Forex.com has the right to liquidate any or all Open Positions whenever the Minimum Margin Requirement is not maintained, according to paragraph 6 hereof. Margin requirements are subject to change at any time in Forex.com's sole discretion and without prior notice. No previous margin requirement shall preclude Forex.com from increasing that requirement without prior notice. Forex.com may, in its sole discretion, elect to impose on a disclosed or undisclosed basis limitations on the maximum number of Open Positions allowed at any time
- 6. LIQUIDATION LEVEL.** Subject to all additional rights of forex.com under the Customer Agreement, in the event that, in the sole opinion of Forex.com and in accordance with Forex.com's reasonable best estimate of then prevailing obtainable market Spot Rates, and regardless of whether or not prior Margin Calls have been issued or met, if the Margin Balance should at any time equal or fall below the Minimum Margin Requirement for Customer's Account in the aggregate, Forex.com will have the right but not the obligation to liquidate any part of or all Open Positions in Customer's Account. Clients are responsible for placing their own Stop Loss Orders to minimize losses. Any failure by Forex.com to enforce its rights hereunder shall not be deemed a future waiver of such rights by Forex.com. Forex.com does not make margin calls in the ordinary course of business. Forex.com maintains the right to liquidate Customer positions as described above. However, Forex.com may from time to time and in its sole discretion, call Customer and request that Customer deposit additional Collateral to secure Customer's obligations to Forex.com, over and above the balance in Customer's Account. Any call for additional margin without exercising the rights to liquidate Customer positions shall not be deemed precedent for future calls nor future waiver of such liquidation rights by Forex.com.
- 7. WITHDRAWALS.** Payments from a Customer Account require a withdrawal request form signed by all required account holders and submitted in writing to Forex.com. The Withdrawal Request Form requires a minimum of two (2) Business Days from receipt of the withdrawal request for issuance of a check or wire transfer of funds.
- 8. MARGIN CALLS.** Forex.com does not make margin calls in the ordinary course of business. Forex.com maintains the right to liquidate. Customer positions as described above. However, Forex.com may from time to time and in its sole discretion, call Customer and request that Customer deposit additional Collateral to secure Customer's obligations to Forex.com, over and above the balance in Customer's Account. Any call for additional margin without exercising the rights to liquidate Customer positions shall not be deemed precedent for future calls nor future waiver of such liquidation rights by Forex.com.

HIGH RISK INVESTMENT NOTICE

Trading is very speculative and risky. Foreign Exchange Trading is highly speculative and is suitable only for those customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of margin or deposits. Customer represents, warrants and agrees that Customer understands these risks; that Customer is willing and able, financially and otherwise, to assume the risks of Foreign Exchange Trading and Spot Metal Trading and that loss of Customer's entire Account Balance will not change Customer's life style.

The high leverage and low margin associated with Foreign Exchange Trading and Spot Metal Trading can result in significant losses due to price changes in Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts. Company's margin policies may require that additional funds be provided to properly margin Customer's Account and that Customer must immediately meet such margin requirements. Failure to maintain the Minimum Margin Requirement may result in the liquidation of any open positions with resultant loss to Customer.

FOREX IS AN OVER THE COUNTER (OTC) MARKET, MEANING THE FOREIGN CURRENCY TRADING YOU ARE ENTERING INTO IS NOT CONDUCTED ON AN EXCHANGE. AS A MARKET MAKER, FOREX.COM IS THE COUNTERPARTY IN THESE TRANSACTIONS AND, THEREFORE, ACTS AS THE BUYER WHEN YOU SELL AND THE SELLER WHEN YOU BUY. AS A RESULT, FOREX.COM'S INTERESTS MAY BE IN CONFLICT WITH YOURS. UNLESS OTHERWISE SPECIFIED IN YOUR WRITTEN AGREEMENT OR OTHER WRITTEN DOCUMENTS FOREX.COM ESTABLISHES THE PRICES AT WHICH IT OFFERS TO TRADE WITH YOU. THE PRICES OFFERED MIGHT NOT BE THE BEST PRICES AVAILABLE AND DIFFERENT PRICES MAY BE OFFERED TO DIFFERENT CUSTOMERS.

IF FOREX.COM ELECTS NOT TO COVER ITS OWN TRADING EXPOSURE, THEN YOU SHOULD BE AWARE THAT FOREX.COM MAY MAKE MORE MONEY IF THE MARKET GOES AGAINST YOU. ADDITIONALLY, SINCE FOREX.COM ACTS AS THE BUYER OR SELLER IN THE TRANSACTION, YOU SHOULD CAREFULLY EVALUATE ANY TRADE RECOMMENDATIONS YOU RECEIVE FROM FOREX.COM OR ANY OF ITS SOLICITORS.

Last Updated on 07/05/2011

SECONDARY RISK DISCLOSURE

OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS INVOLVE THE LEVERAGED TRADING OF CONTRACTS DENOMINATED IN FOREIGN CURRENCY CONDUCTED WITH A FUTURES COMMISSION MERCHANT OR A RETAIL FOREIGN EXCHANGE DEALER AS YOUR COUNTERPARTY. BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR SUCH TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT.

YOU SHOULD BE AWARE OF AND CAREFULLY CONSIDER THE FOLLOWING POINTS BEFORE DETERMINING WHETHER SUCH TRADING IS APPROPRIATE FOR YOU.

- 1. TRADING IS NOT ON A REGULATED MARKET OR EXCHANGE—YOUR DEALER IS YOUR TRADING PARTNER WHICH IS A DIRECT CONFLICT OF INTEREST. BEFORE YOU ENGAGE IN ANY RETAIL FOREIGN EXCHANGE TRADING, YOU SHOULD CONFIRM THE REGISTRATION STATUS OF YOUR COUNTERPARTY.**

The off-exchange foreign currency trading you are entering into is not conducted on an interbank market, nor is it conducted on a futures exchange subject to regulation as a designated contract market by the Commodity Futures Trading Commission. The foreign currency trades you transact are trades with the futures commission merchant or retail foreign exchange dealer as your counterparty. WHEN YOU SELL, THE DEALER IS THE BUYER. WHEN YOU BUY, THE DEALER IS THE SELLER. As a result, when you lose money trading, your dealer is making money on such trades, in addition to any fees, commissions, or spreads the dealer may charge.

- 2. AN ELECTRONIC TRADING PLATFORM FOR RETAIL FOREIGN CURRENCY TRANSACTIONS IS NOT AN EXCHANGE. IT IS AN ELECTRONIC CONNECTION FOR ACCESSING YOUR DEALER. THE TERMS OF AVAILABILITY OF SUCH A PLATFORM ARE GOVERNED ONLY BY YOUR CONTRACT WITH YOUR DEALER.**

Any trading platform that you may use to enter off-exchange foreign currency transactions is only connected to your futures commission merchant or retail foreign exchange dealer. You are accessing that trading platform only to transact with your dealer. You are not trading with any other entities or customers of the dealer by accessing such platform. The availability and operation of any such platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your account agreement with the dealer.

- 3. YOUR DEPOSITS WITH THE DEALER HAVE NO REGULATORY PROTECTIONS.**

All of your rights associated with your retail forex trading, including the manner and denomination of any payments made to you, are governed by the contract terms established in your account agreement with the futures commission merchant or retail foreign exchange dealer. Funds deposited by you with a futures commission merchant or retail foreign exchange dealer for trading off-exchange foreign currency transactions are not subject to the customer funds protections provided to customers trading on a contract market that is designated by the Commodity Futures Trading Commission. Your dealer may commingle your funds with its own operating funds or use them for other purposes. In the event your dealer becomes bankrupt, any funds the dealer is holding for you in addition to any amounts owed to you resulting from trading, whether or not any assets are maintained in separate deposit accounts by the dealer, may be treated as an unsecured creditor's claim.

- 4. YOU ARE LIMITED TO YOUR DEALER TO OFFSET OR LIQUIDATE ANY TRADING POSITIONS SINCE THE TRANSACTIONS ARE NOT MADE ON AN EXCHANGE OR MARKET, AND YOUR DEALER MAY SET ITS OWN PRICES.**

Your ability to close your transactions or offset positions is limited to what your dealer will offer to you, as there is no other market for these transactions. Your dealer may offer any prices it wishes, and it may offer prices derived from outside sources or not in its discretion. Your dealer may establish its prices by offering spreads from third party prices, but it is under no obligation to do so or to continue to do so. Your dealer may offer different prices to different customers at any point in time on its own terms. The terms of your account agreement alone govern the obligations your dealer has to you to offer prices and offer offset or liquidating transactions in your account and make any payments to you. The prices offered by your dealer may or may not reflect prices available elsewhere at any exchange, interbank, or other market for foreign currency.

- 5. PAID SOLICITORS MAY HAVE UNDISCLOSED CONFLICTS.**

The futures commission merchant or retail foreign exchange dealer may

compensate introducing brokers for introducing your account in ways which are not disclosed to you. Such paid solicitors are not required to have, and may not have, any special expertise in trading, and may have conflicts of interest based on the method by which they are compensated. Solicitors working on behalf of futures commission merchants and retail foreign exchange dealers are required to register. You should confirm that they are, in fact registered. You should thoroughly investigate the manner in which all such solicitors are compensated and be very cautious in granting any person or entity authority to trade on your behalf. You should always consider obtaining dated written confirmation of any information you are relying on from your dealer or a solicitor in making any trading or account decisions.

FINALLY, YOU SHOULD THOROUGHLY INVESTIGATE ANY STATEMENTS BY ANY DEALERS OR SALES REPRESENTATIVES WHICH MINIMIZE THE IMPORTANCE OF, OR CONTRADICT, ANY OF THE TERMS OF THIS RISK DISCLOSURE. SUCH STATEMENTS MAY INDICATE POTENTIAL SALES FRAUD.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF TRADING OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER.

For the calendar quarter ending June 30, 2011, there were 13,795 active non-discretionary trading accounts of which 26% were profitable and 74% were unprofitable. For the calendar quarter ending March 31, 2011, there were 13,937 active non-discretionary trading accounts of which 29% were profitable and 71% were unprofitable. For the calendar quarter ending December 31, 2010, there were 14,628 active non-discretionary trading accounts of which 28% were profitable and 72% were unprofitable. For the calendar quarter ending September 30, 2010, there were 11,344 active non-discretionary trading accounts of which 23% were profitable and 77% were unprofitable.

AFTER 10 PAGES OF APPLICATION AND 19 PAGES OF DISCLOSURES IN 7 POINT FONT BURIED IN A WINDOW, ACCOUNT PROFITABILITY STATISTICS FINALLY SHOWN HERE!



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

I hereby acknowledge that I have received and understood this risk disclosure statement.

Exhibit II

Sample of Questionable Marketing Practices for Retail FX

Promises of Riches Do Not Match Actual Investor Results

How to Save \$5000 on Forex Trading Training and Get it Free

tradeartist 78 videos



<http://www.youtube.com/watch?v=HLxb2uRSIV0>

Why You Haven't Been Shown These Forex Trading Methods - Why Most Trading Methods Don't Work - And How You Can Now Finally Create A Daily Cash Machine In The Forex Market That Far Exceeds Your Living Expenses.

Register Here To Get My Best Video Trainings, Real Trade Set-Ups In Advance, Plus Insider Demonstrations Showing What Really Works In Forex Trading:



Get Free Access Now!



<http://www.forextradingseminar.com/>

How To Earn \$22,543 Every Month Trading Forex In 2009

tradeartist 78 videos



<http://www.youtube.com/watch?v=QRZ3KuNjNn0&feature=related>

Turn \$370 into \$7300 In Just 2 Short Months & EXPLODE Your BANK Account!!

tjunkacc 3 videos



<http://www.youtube.com/watch?v=fnOHNSfG9aU&feature=related>

Turn \$370 into \$7300 In Just 2 Short Months & EXPLODE Your BANK Account!!

tgjunkacc 3 videos



<http://www.youtube.com/watch?v=fnOHNSfG9aU&feature=related>

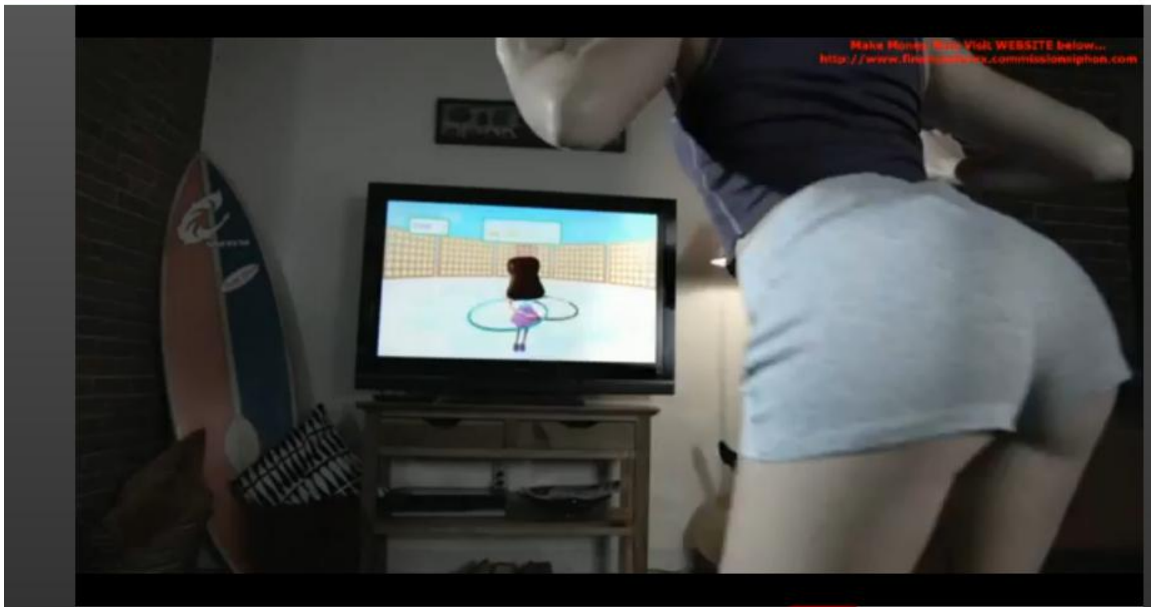
Exhibit III

Sample of Questionable Marketing Practices for Retail FX

Other Commercials Attempt to Distract Investors From Underlying Risks

Currensee.com: Forex Trading, Wii Hula

learntennis 24 videos



<http://www.youtube.com/watch?v=Tt7DdDyOGto>

Currensee.com: Forex Trading, The Pillow Fight

currensee1 41 videos



<http://www.youtube.com/watch?v=ggjPHsMOgTY>

Forex Trading | Etoro

FinancialTrading 1 video 



<http://www.youtube.com/watch?v=DE2vFE8ZR-I>

Forex Trading Online

idigmeGeek 1 video 



Forex Marathon

NO TIME LIMIT 00:20

CURRENCY	OPEN	CURRENT	PROFIT
USD			+20.00%
EUR	1.1926	1.1923	\$10.00
GBP	1.7656	1.7658	\$0.00
JPY	111.72	111.70	\$0.00
AUD	0.7520	0.7520	\$4.00
CHF	1.3008	1.3013	+21.52%

Watch your **profit** change in real time according to market activity.

PROFIT **24.76** USD 250

MARKET SPREAD 10.04

00:17:58.27

1:27 / 3:16 240p

<http://www.youtube.com/watch?v=AtH0IVRAwlc>