BARCLAYS Stockbrokers

FX on BARX from Barclays Stockbrokers. Rate sheet and Margin terms

i. Currency Pairs

FX on BARX from Barclays Stockbrokers offers some of the most competitive bid/offer spreads in the market, with spreads as narrow as 1.9 pips, and no commission to pay on trades.

Our spreads are illustrated in the table below and are accurate as of 9 July 2008.

Currency Pair	Target Spread
EURUSD	1.9
GBPUSD	2.9
USDJPY	2.7
GBPJPY	5.2
EURJPY	2.9
USDCHF	3.5
EURCHF	2.9
EURGBP	1.9
AUDUSD	2.9
USDCAD	4.0
EURAUD	7.5
GBPCHF	6.5
EURCAD	10
NZDUSD	4.0
AUDNZD	11.0
EURNOK	45
EURSEK	40
USDMXN	35
EURHUF	45
AUDJPY	6

Bid/offer spreads are subject to normal market conditions. On occasion there may be factors that may cause them to widen according to prevailing market conditions across market time zones or available liquidity. Please note the minimum deposit to open an account is £5000.

Where extremely volatile markets or demand for liquidity across the FX market increases significantly, the FX trading platform has a number of mechanisms in place that enable FX on BARX from Barclays Stockbrokers to continue to offer our clients a tradable price.

Trades executed on the trading platform are executed in standard sizes of a minimum of 50,000 of the base currency and will be automatically executed up to a market size of 3 million units of base currency under normal market conditions.

Continued overleaf

ii. Margin and Leveraging

Trading FX on margin allows clients greater exposure to larger positions by depositing a fraction of the position size.

In order to open a new position on a currency pair there is a minimum margin requirement, a deposit which is required to enable clients to open that position.

FX on BARX from Barclays Stockbrokers has a minimum margin requirement of 1% of the value of the position. With a minimum position size of 50,000 of the base currency, the margin requirement is 500 units of that currency.

For example. To open a $50,000 USD based position, there is a margin requirement of $500.

It is possible to increase the margin requirement, in turn, reducing the leverage on the position. e.g. a 2% margin requirement would equate to 50:1 leverage. To change the margin requirement please contact one of the BARX sales team or your dedicated relationship manager.

There are a number of features embedded within the trading platform that enable our clients to trade leveraged FX whilst managing the associated risks. These features are built into the platforms automated margin manager.

The platform's margin manager:

- automatically calculates the margin requirement to maintain an open position
- automatically decides whether the client has sufficient margin utilisation to open a new position
- notifies the client when open positions are nearing an automatic close out. Set as a certain level of margin utilisation available, in the case of FX on BARX from Barclays Stockbrokers, this will be set at 70%. Clients will receive a notification email and a message if they are logged into the platform
- closes out open positions automatically when the position loses too much value. This happens if the available margin falls by 90%. All clients positions will be closed, realised profits and losses from all positions will be debited from the account balance and margin utilisation will be reset to zero as the client will have no open positions. Subject to sufficient margin being available in the account the client will then be able to recommence trading
- We will endeavour to close out all positions if your available margin falls by 90%, if we are unable to do so for reasons beyond our control, you will remain liable for all losses.

The trading platform contains five key measures which afford clients total control of their margin position on a real time basis, each of these is automatically managed by the platform margin manager.

Account balance	The value of funds held within the account net of any unrealised profit or loss associated with any open positions
Unrealised profit and Loss	The value of open positions in profit or loss terms in real time
Current balance	The sum of account balance plus or minus any unrealised profit and loss
Margin used	Amount of equity which is currently used as collateral to maintain open positions
Margin utilisation	Amount of equity which can be used to open new positions.

Once a position is opened the margin requirement is displayed as 'margin used' on the trading platform.

The trading platform is configured to monitor client positions and margin in a single base currency, in the case of FX on BARX from Barclays Stockbrokers, GBP.

How margining works in relation to profit and loss

When a client has open positions, the positions are valued in real-time to determine any unrealised profit/loss. If a client has bought a position it will be valued against the price to sell that position at the current rate and vice versa

If a client closes an open position they will crystallise this profit/loss so that it becomes realised - at that point it is deducted from their account balance.

Whilst a customer has an unrealised profit/loss this will be added or subtracted from their account balance to give the current balance. The current balance forms the base of all calculations inside the margin engine.

A client's remaining margin available is determined by subtracting their margin used from the current balance. The proportion of margin used of the current balance is known as margin utilisation. This figure forms a key part of the margin model as it determines when margin events occur.

The method for calculating margin within the platform is summarised below:

current balance	**=**	**account balance - unrealised profit/loss**
margin available	**=**	**current balance - margin used**
margin utilisation	**=**	$\dfrac{\textbf{margin used}}{\textbf{current balance}}$

Margin calculations

The amount of margin used to support an open position depends on the client's leverage and the currency pair traded. This amount may vary as prices change. There are three factors to consider:

1. If the currency pair starts with the base currency, for example USDJPY, the required margin is a static figure derived from leverage. So with leverage of 100:1, if you:

- BUY 1,000,000 USDJPY @ 113.20
- You require 1,000,000 / 100 = 10,000 USD margin to support this position
- This required margin will remain 10,000 USD for the duration of the trade, regardless of market movements.

2. If the currency pair ends with the base currency, for example GBPUSD, the required margin is calculated by revaluing the GBP amount into USD at the current market price. So with leverage of 100:1, if you:

- BUY 1,000,000 GBPUSD @ 2.01
- You require (2.01*1,000,000) / 100 = 20,100 USD
- Now assume GBPUSD moves to 2.02
- The required margin is now 20,200 USD

3. If the currency pair does not contain the base currency, for example EURJPY, the required margin is calculated by using the second currency of the pair and valuing this in USD at the current market rates. So with leverage of 100:1, if you:

- BUY 1,000,000 EURJPY @ 162.00 & suppose USDJPY is 113.20
- You require (1 / 113.20 * (1,000,000 * 162.00)) / 100 = 14,310.95 USD
- Now assume USDJPY moves to 113.40
- The required margin is now (1 / 113.40 * 162,000,000) / 100 = 14,285.71 USD

All margin positions will automatically be converted to GBP.

iii. Interest on overnight rolls

In the FX markets, trades normally settle two days after (known as the settlement date) the trade execution date (known as the value date)

When a client holds a position open until the next trading date or session FX on BARX from Barclays Stockbrokers will execute, on the clients behalf, a rollover trade.

When a rollover trade is executed the client is buying for one value date and simultaneously selling for another. The rollover price is calculated as the difference between the interest rates for the two currencies e.g. GBP 5.25 % and USD is 3.5%.

A funding credit or debit will be applied to the client's account and this value will be determined by the difference between the interest rate in the base currency and the quoted currency and will vary dependant on whether the client holds a long (buy) position or a short (sell) position.

These funding credits or debits can be viewed within the position blotter on the trading platform and reports which are available within the platform. All debits and credits associated with overnight rolls will be paid or deducted in GBP.

FX on BARX from Barclays Stockbrokers will automatically rollover any positions which remain open as at 1700 New York EST.

iv. Interest payments on available margin

FX on BARX from Barclays Stockbrokers pays competitive interest rates on any available margin in the clients FX account. Interest terms are documented in the table below.

Available Margin	Interest paid
0 - £7500	Zero interest paid
£7,500 - £50,000	Base rate minus 2%
> £50,000	Base rate minus 1%

Interest rates are calculated daily derived from margin utilisation as at 2000pm London time, interest is then accrued and credited to your account on a monthly basis on the 1st working day of the following month.

Interest will not be payable where the the available margin is less than £5,000 on any day.

This item can be obtained in Braille, large print or audio tape by calling 0800 400 100* (via TextDirect if appropriate). If outside of the UK call +44(0)1624 684444* or order online via our website www.barclays.co.uk

* For your security, and to ensure we continue to offer the highest level of service, telephone calls may be monitored or recorded.

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