

FXOnline Japan

PureDeal

Statement of Important Matters

FXOnline Japan Co., Ltd.

Financial Instruments Business, Director of Kanto Local Finance Bureau (FIF) No. 255

NOTE:

This statement of important matters includes essential provisions related to leverage changes, etc., involved in the enforcement of margin restrictions for foreign exchange margin transactions which will come into effect as of the 1st August 2010. Therefore, you are strongly recommended to read carefully and to understand fully the outline of the relevant amendments stated hereof.

This statement of important matters also includes provisions relating to services which FX Online Japan is not currently offering, such as a certain type of Option CFD. We are planning to offer these services subsequent to these amendments becoming effective as of the 10th July 2010. These services will be made available on a transaction screen when ready, but the statement of important matters and such risks associated with these services will not be provided again at such time. In order to commence a transaction relating to each product, please make sure you carefully read and understand the statement of important matters and such risks associated with the relevant transaction set forth in this document prior to commencement of the transaction, and carry out the transaction at your own risk and judgment. We appreciate your understanding in this matter.

Statement of Important Matters

It is important that the customer ('you', 'your', 'yours', 'yourself' and 'customer' as appropriate) takes special note of the matters listed in this document (hereinafter 'Statement') with respect to the practice of CFD Trading including Foreign Exchange Margin Trading (hereinafter referred to as "CFD Trading"). Please ensure that you read carefully and full understand this Statement when considering using the trading services of

FXOnline Japan Co., Ltd ('we', 'us', 'our', 'ours' 'ourselves', and 'FXONLINE as appropriate), and then please commence or continue trading only when you find it appropriate in light of your own financial resources, trading experiences, purposes of investment and other relevant factors.

CFD Trading is high-risk, high-return and return of principal is not guaranteed. In CFD Trading, loss may be incurred due to fluctuations in the prices of currencies, shares, stock indices, commodities etc, which are the subject of trading. In CFD Trading, the transaction size can be greater than the margin which is deposited by you with us as collateral, and accordingly, it is possible that the loss will be greater than the margin.

The spread which is a difference between the bid and ask prices may be greater due to sudden changes in market conditions or lower liquidity in the underlying markets, and you may not be able to enter into transactions as you desire. Further, a Stop Order is executed at the market price when the requested Stop Order level is reached and therefore the actual stop level may end up differing from the order level and you may suffer more loss than you have expected.

Settlement of the interest spread differential called Swap Points occurs daily for any open foreign exchange positions. In principle, if your transaction is selling currency of higher interest rate and buying currency of lower interest rate, your account will be debited to reflect the Swap Points, resulting in a reduction of your margin (i.e., loss incurred to you). Swap Points differ due to interest rate fluctuations, market liquidity and such that the receipt of Swap Points may turn into a payment of Swap Points.

We reserve the right to charge you Funding Costs on any unsettled positions that relate to Share CFDs, Stock Index CFDs and Commodity Spot CFDs. Funding Costs can be applicable to long or short positions, resulting in a reduction of your equity (i.e., loss incurred to you). When the interest rate of the base currency is so low that it does not cover the charge for Funding your short position, you may incur a Funding Cost charge on short positions. Funding Costs vary daily, subject to the fluctuations of the base currency.

We will pay you an amount equivalent to the dividend that you would receive if you held the underlying on any unsettled positions that relate to Share CFDs and Stock Index CFDs. In principle, we will require you to pay for the equivalent amount of such dividends if you are holding short positions, resulting in a reduction of your margin (i.e., loss incurred to you).

At times, we might have to require you to pay for stock borrowing charges if you are holding short positions, resulting in a reduction of your margin (i.e., loss incurred to you)

Our trading platform allows you to enter into a counter transaction (hedging), but the difference between spreads may be a double burden, resulting in a reduction of the Excess Margin. Because the payment amount of swap points is set high, such counter transaction causes a reduction in the margin.

It is possible that placement, execution, confirmation, cancellation, etc of orders may not be executed due to a breakdown in the trading system or communication lines between you and us etc.

We do not charge you commission for trading Foreign Exchange CFDs, Stock Index CFDs, Stock Index Futures CFDs, Commodity Spot CFDs, Commodity Futures CFDs, Rates & Bonds Futures CFDs and Options CFDs including Binary Options regardless of the status of your Transaction, whether you are going long or short, placing new orders, closing positions, or cancelling orders. When attaching a Guaranteed Stop to a position, extra spread will be added to the applicable market spread relevant to the Transaction. The amount of this extra spread will be displayed on the Deal Ticket for your reference. As for Share CFDs, we will charge you a commission. For more details on how our commission works, please refer to our website. When attaching a Guaranteed Stop to a Share CFD position, extra commission will be added.

Receiving market data (real time market prices from applicable Exchanges) for some Shares, some Stock Indices and certain Futures costs you a Market Data feed charge. Such payments will be made to the relevant Exchange by deducting the applicable amount from your account in advance.

Cancellation of orders after such orders have been executed (e.g., cooling-off) is not available to you.

CFD Trading is a negotiated transaction between you and us. We will be the principal who receives your order and we will not execute your order on any exchange. In order to hedge the risk of CFD Trading, we take cover transactions with the following institutions.

[Cover Transaction Partners] (the relevant regulatory authority in the case of a foreign entity is indicated in brackets)

IG Markets Ltd. / financial derivatives trader: England (FSA)

In the event that our business or financial conditions or that of any cover transaction partner deteriorates, we may have difficulty in taking cover transactions and therefore may not be able to execute your orders, resulting in a loss to you.

We manage the margin that you deposit by segregating it from our assets in a money trust established at the Sumitomo Mitsui Banking Corporation.

Initial or additional margin remitted by you shall be deposited to your 'FX Account'. Prior to entering into a CFD transaction with your 'CFD Account', you are required to transfer sufficient funds from your 'FX Account' to 'CFD Account'. A 'FX Account' and a 'CFD Account' are separately managed therefore unrealized profit and loss of each shall be calculated independently. Before you enter into OTC derivative contracts with us, please refer to Article 4 'Account Types' of this document to acknowledge and to fully understand details of the structures so that you will be able to manage these two accounts according to the types of transactions.

All new margin and additional margin that you deposit to specially designated accounts opened at Mizuho Bank, the Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation, The Japan Net Bank, Rakuten BANK, SBI Sumishin Net Bank and Sony Bank remaining after all transactions are marked to the market as of the close of the trading day, are transferred to the trust account established at the Sumitomo Mitsui Banking Corporation on the following banking business day. The margin that remains at the ordinary deposit account for one bank business day before being transferred to the trust account does not qualify for deposit insurance, and if the business or financial conditions of any deposit bank deteriorate during such time, you may suffer a loss.

1. Outline of Financial Instruments Trader (FXONLINE) and Contract Information

Trade name: FX Online Japan Co., Ltd.

Address: Shiodome City Center 10F, 1-5-2, Higashi-Shinbashi, Minato-ku, Tokyo, Japan 105-7110

Representative: Andrew Robert MacKay

Capital Stock: 400,000,000 yen

Business: Over-the-counter Derivatives Transactions

(FXONLINE does not act as intermediary, broker or agent for over-the-counter derivatives transactions)

Formation: Formed on December 3, 2002

Registration number: Number 255 (kinsho), Director of the Kanto Local Finance Bureau

Membership:

Japan Securities Dealers Association

The Financial Futures Association of Japan (Number 1527)

Affiliated Investors Protection Fund:

Japan Investors Protection Fund (Please note: OTC Derivatives products offered by us are not covered under Japan Investors Protection Fund)

Affiliated Authorized Personal Information Protection Organization:

Japan Securities Dealers Association

Telephone: 03-6704-8500 / 0120-25-7734

URL: <http://www.fxonline.co.jp/en/>

Please contact us at the telephone number above for any questions concerning OTC Derivatives Transactions offered by FXOnline Japan.

2. Rates

For trades, we reserve the right to determine the foreign exchange rate and the commodity spot CFDs price that we offer to you, taking into account the market based upon the actual trading level in the underlying market at the time nearest to the Transaction. As for Stock Index CFDs, Stock Index Futures CFDs, Rates and Bonds Futures CFDs and Commodity Futures CFDs we reserve the right to determine the price that we offer to you, taking into account the market based upon the underlying forward rate at the time nearest to the Transaction. As for Share CFDs, we quote the Bid and Ask prices that we offer to you, taking into account the underlying market at the time nearest to the Transaction. As for Options CFDs including Binary Options, we reserve the right to determine the price that we offer to you, taking into account the market price of underlying instruments. The "Dealing Rates" window in our trading platform displays the most recent prices on offer and you are urged to consult this window to confirm the prices when trading.

The rates displayed differentiate between bid and ask prices. The difference between the bid and ask prices is called the 'market spread', and varies depending on market conditions. As we reserve the right to determine the Bid/Ask prices for Stock Index CFD transactions, Stock Index Futures CFDs, Rates and Bonds Futures CFDs and Commodity Futures CFDs prices quoted by us may differ from the actual prices on the underlying market.

3. Matters requiring your consent

In CFD Trading, we conduct the following dealings in accordance solely with your instructions:

determination of the type of Transaction and its base and counter currency;

determination of the size and value of Transaction (For FX margin trading, 1 lot signifies 100,000 of a relevant currency unit. For other products, please refer to the Contract Details of the relevant product.)

determination of the amount of consideration and the agreed rate of the Transaction (trade price);

determination of the direction of the Transaction (buy/sell) and the terms applicable thereto;

settlement of unsettled Transactions prior to Expiry Date (however, if, for reasons attributable to you, we determine that the execution of such transactions will not be possible or is unlikely to be possible, we reserve the right to forcibly settle such unsettled Transactions).

4. Account types

Entering an OTC derivative contract between you and FXONLINE enables you to trade a whole range of products offered by us by a single contract, and at the time of opening an account, two accounts consisting of a 'FX Account' for currency-related derivative transactions and a 'CFD Account' for the rest of derivative transactions will be automatically opened. Your transactions and margin deposit are separately managed using these two accounts according to the type of transactions you make: 'FX Account' for currency-related transactions and 'CFD Account' for the rest of CFD transactions. Profit and loss and Available Margin Balance of each account shall not be summed up.

You may choose either Yen-denominated account or US Dollar-denominated account.

<NOTE>

- 1) Deposits into and withdrawals from your account may only be made in your account currency. (i.e. Yen deposits/withdrawal for Yen-denominated accounts and US Dollar deposits/withdrawals for US Dollar-denominated accounts). You can open an US Dollar-denominated account only if you have an existing US Dollar-denominated account in any financial institutions. We do not have currency conversion facilities for your deposits/withdrawals of any settled funds.
- 2) Your deposits and withdrawals may be made only via your 'FX Account'. To enable you to trade using your 'CFD Account', you are required to transfer funds in advance from 'FX Account' to 'CFD Account'.
- 3) In principle, any funds transfer shall be made by yourself at your own discretion using our trading platform. Funds transfer between two sub accounts ('FX Account' and 'CFD Account') may be processed unless the amount to be transferred at the time exceeds the balance of the relevant account. In the light of this, for all or a part of your initial or/and additional margin deposit, please make certain that your remittance made through a relevant financial institution to your 'FX Account' has already reflected in the balance prior to your fund transfer request from 'FX Account' to 'CFD Account'. A funds transfer shall be made immediately upon acceptance by our trading platform of such request. Please note that you cannot cancel such request after the funds transfer is processed.
- 4) We do not accept funds transfer request via telephone unless and provided, however, that we deem it to be an unavoidable situation.

5. Method of Execution/Settlement

(i) Settlement through Trading Account

You must open a trading account with us in order to place any trades with us.

(ii) Deposit of Initial Margin

Before placing a new order, you shall deposit a prescribed amount of margin (the "Initial Margin") into your 'FX Account' prior to trading and make transfers of appropriate amount of margin required between 'FX Account' and 'CFD Account' according to the type of transactions you are going to make. If you have open positions and/or unexecuted orders, you must have greater Excess Margin (i.e. the difference between Balance and Maintenance Margin) than your Initial Deposit in each sub account.

(iii) Method of Settlement

CFD positions may be closed by you or, if applicable, may be closed at the expiry time for that Transaction. If you close an undated CFD, or close a CFD with a specified expiry time before it expires, then the closing level will be the bid price quoted by us (if you are closing a 'Buy' Transaction) or the ask price quoted by us (if you are closing a 'Sell' Transaction). If you do not close a CFD with a specified expiry time then we will close it at the relevant price on expiry. In the event that you incur a loss when you close your CFD position, that loss will be subtracted from the outstanding balance on your account. In the event that you make a profit when you close your CFD position, that profit will be added to the outstanding balance on your account.

Upon closing a CFD positions denominated in a currency other than your base currency the incurred profits or losses will be automatically converted into your base currency, at a rate not more than +/-0.3% of the spot rate then prevailing, unless otherwise agreed.

(iv) Maintenance Margin

If you execute a Transaction with us, you should maintain the Available Margin Balance at a level equal to or more than the Maintenance Margin, in 'FX Account' and 'CFD account' respectively.

(v) Forced Settlement

If the level of your Available Margin Balance falls below the Maintenance Margin required for your open positions and/or unexecuted orders we shall attempt to notify you, although it is your responsibility to ensure that you are aware of the level of your Available Margin Balance at all times.

Until the 30th July 2010, if the level of your Equity falls to 80% or less of the Maintenance Margin required for your open positions and/or unexecuted orders then we will forcibly cancel any unexecuted orders and/or to close unsettled positions in whole or in part without prior notice ("Forced Settlement"). On and after the 31st July 2010, if the level of your Equity falls to 75% or less of the Maintenance Margin required for your open positions and/or unexecuted orders then we will exercise Forced Settlement without prior notice. If we exercise Forced Settlement it shall be to the extent necessary to ensure that the Maintenance Margin required is equalled or exceeded by the Available Margin Balance on your account.

As for FX Accounts of retail customers, on and after the 31st July 2010, if the level of your Equity falls to 100% or less of the Maintenance Margin required for your open positions and/or unexecuted orders as at 12:00 noon Japan time every business day, we exercise Forced Settlement.

6. Required Amount of Initial Margin and Calculation Method thereof

Our standard margin requirement for FX margin transactions is set at 1% (Gearing of 100:1) for any open positions and any new transactions made by the 30th July 2010, regardless of whether it is made by retail customers or corporate customers. On and after the 31st July 2010, for retail customers, our standard margin requirement for FX margin transactions is set at 2% (Gearing of 50:1) however, 2% may not be applicable to all currency pairs or to some currency pairs depending on the prevailing market environment and certain other factors. As for corporate customers, our standard margin requirement for FX margin transactions is set at 1% (Gearing of 100:1) for some currency pairs and 2% (Gearing of 50:1) for the rest, however, these margin requirement stated hereof may not be applicable to all currency pairs or to some currency pairs depending on the prevailing market environment and certain other factors. Please refer to the Market Info window on our trading platform for the margin rate that will be applied to each currency pair at the time of your trading. Where you have not attached a Guaranteed Stop or Stop Order, Margin required for existing positions and/or new orders is calculated by multiplying the margin rate by the number of lots (contract size) (hereinafter referred to as 'Standard Margin'). Please note, however, that after the 10th July 2010 Guaranteed Stop will become exclusively available to corporate customers

only and no retail customers will be able to use it with their transactions due to the margin restrictions imposed by the relevant laws and regulations.

Where you have attached a Guaranteed Stop to your FX margin transaction as a corporate customer, Margin required for an existing position and/or a new order will be equal to the maximum amount of potential loss to be incurred from a relevant position the Guaranteed Stop is attached to. Please note, however, that a Guaranteed Stop is available exclusively for positions for the major currency pairs, therefore you may not attach a Guaranteed Stop to any positions for the transactions of the non-major currency pairs. Where you have attached a Stop Order to your FX margin transaction as a corporate customer, Margin requirement for the transactions of the major currency pairs will be calculated by adding the loss amount to be incurred when a stop level is reached and the notional Slippage amount (calculated by multiplying Standard Margin by the Slippage factor). Margin required for positions with Stop Orders varies depending on fluctuations of the relevant prices. Slippage factor is set at 20% in principle, however, we may change it at our discretion depending on the market condition and other factors, so please refer to the Market Info window on our trading platform to confirm the relevant details. Margin requirement for the transactions of the non-major currency pairs will be equal to the Standard Margin, notwithstanding that you have an attached Stop Order. Please note further that the Margin requirement for a Stop Order will be capped at the amount equivalent to the Standard Margin, provided, however, that such Stop Order may not be accepted by us in certain market environments.

As for transactions made by retail customers, on and after the 17th July 2010, Maintenance Margin required for an existing position and/or a new order is equal to the amount of Standard Margin, and trading with a reduced Maintenance Margin by attaching a Stop Order is no longer available.

Standard Margin (hereinafter referred to as "Standard Margin") required for Stock Index CFD transactions, Stock Index Futures CFD transactions and Commodity Futures CFD transactions is set for each underlying instrument. Information on Standard Margin may be obtained on our trading platform through the Market Info window. If you do not attach a Guaranteed Stop or Stop Order to your new order or existing position, Standard Margin will be applicable. Where a Guaranteed Stop is attached to a new order, the Margin amount will be equal to a maximum potential loss to be incurred from a relevant position a Guarantee Stop is attached to. With a Stop Order attached to a new order and/or existing position, Margin will be equal to the sum of a loss to be incurred when the Stop Order is reached and the notional Slippage amount (calculated by multiplying Standard Margin by the Slippage factor), in principle. Margin required for positions with a Stop Order varies depending on fluctuations of the relevant prices. Slippage factor is set at 20% in principle, however, we may change it at our discretion depending on the market conditions and other factors, so please refer to the Market Info window on our trading platform to confirm the relevant details. Please note that Margin requirement for a Stop Order will be capped at the amount equivalent to the Standard Margin.

The margin rate required for Share CFD transactions is set at a minimum of 5% (gearing rate of 20:1) for each Share. In addition, for Shares to which Tiered Margining is applied, the required margin rate will increase (hence gearing rate will decrease) as the number of open positions grows. Information on Margin rates may be obtained on our trading platform through Market Info window. If you do not attach a Guaranteed Stop or Stop Order to your new order or existing position, Margin will be equal to the amount obtained by multiplying the relevant margin rate by the total trading size (hereinafter referred to as Standard Margin). Where a Guaranteed Stop is attached to a position or a new order, Margin amount will be equal to the potential loss to be incurred from a relevant position a

Guarantee Stop is attached. With a Stop Order attached to a new order and/or existing position, Margin will be equal to the loss to be incurred when the Stop Order is reached plus the potential Slippage to be incurred (amount obtained by multiplying Standard Margin by the relevant Slippage factor). Margin required for positions with a Stop Order varies depending on fluctuations of the relevant prices. The Slippage factor varies depending on the Share and it may be changed at our discretion depending on the market conditions and other factors, so please refer to the Market Info window on our trading platform to confirm the relevant details. Please note that Margin requirement for a Stop Order will be capped at the amount equivalent to the Standard Margin.

Margin required for Commodity Spot CFD transactions is set for each underlying instrument. Information on Margin ratio may be obtained on our trading platform through the Market Info window. Where you have not attached a Guaranteed Stop or Stop Order, Margin required for existing positions and/or new orders is calculated by multiplying the margin rate by the number of lots (contract size) (hereinafter referred to as 'Standard Margin'). Where you have attached a Guaranteed Stop to your Commodity Spot CFD transaction, Margin required for an existing position and/or a new order will be equal to the maximum amount of potential loss to be incurred from a relevant position a Guarantee Stop is attached. Where you have attached a Stop Order to your Commodity Spot CFD transaction, Margin requirement will be calculated by adding the loss amount to be incurred when a stop level is reached and the notional Slippage amount (calculated by multiplying Standard Margin by the Slippage factor).

Margin required for positions with Stop Orders varies depending on the fluctuation of underlying prices. The Slippage factor varies depending on the Share and it may be changed at our discretion depending on the market conditions and other factors, so please refer to the Market Info window on our trading platform. Please note that Margin requirement for a Stop Order will be capped at the amount equivalent to the Standard Margin.

Options CFDs are categorized into two types, which are Binary Options and Standard Option CFD.

The Margin required for a purchase of Standard Option CFD is equal to the maximum potential loss which shall be calculated by multiplying the buying price by the number of lot(s) and multiplying it by the profit/loss amount per lot per point. The Margin for a sell transaction of Standard Option CFD shall be equal to the margin required by the CFD transaction of the relevant underlying instrument.

The Margin required for a Binary Option is equal to the maximum potential loss, denominated in the trading currency, which may be incurred by its trading. If you buy Binary Options, the maximum potential loss shall be calculated by multiplying the buying price by the number of lot(s) and multiplying it by the loss amount per lot per point. If you sell Binary Options, the maximum potential loss shall be calculated by deducting the selling price from 100, multiplying it by the number of lot(s) you sell and further multiplying it by the loss amount per lot per point.

<NOTE>

With introduction of the leverage restriction in accordance with the relevant laws and regulations, changes are made to Standard Margin rate of FX Transaction, which applies to both corporate and retail customers. Along with that, with respect to FX Transaction made by retail customers, we made relevant changes to margin calculation methods for Unexecuted Order and Stop Order-attached positions and the level of Equity at which Forced Settlement is triggered, in addition to the termination of Guaranteed Stop Order. On and after the 31st July 2010, for retail customers, our standard margin requirement for FX margin transactions is set at 2% (Gearing of 50:1) with certain exceptions where it exceeds 2%. As for corporate customers, our standard margin requirement for FX margin transactions remains 1% (Gearing of 100:1) for some major currency pairs while it is set at 2% (Gearing of 50:1) for the rest. These changes may cause an increase of required Maintenance Margin and a possible exercise of Forced Settlement.

If you are a retail customer and have any open positions and/or unexecuted orders with Guaranteed Stop for FX Transaction, we cancel any attached Guaranteed Stop by making offsetting transactions, newly-opening relevant positions and/or placing relevant orders at any given point in time on and after the 10th July 2010. Please note that this process may cause an increase of required Maintenance Margin and a possible exercise of Forced Settlement.

Please also note that on and after the 10th July 2010 no Guaranteed Stop is available for FX Transactions with any currency pairs made by retail customers and for those with non-major currency pairs made by corporate customers.

On and after the 17th July 2010, Maintenance Margin required for open positions and/or unexecuted orders with Stop Order is equal to the amount of relevant Standard Margin, and the increase of Maintenance Margin amount due to such change may cause a possible exercise of Forced Settlement.

With regard to the level of Equity at which Forced Settlement is triggered, such Equity level is changed from the previous 80 % to 75% and below of the Maintenance Margin, regardless of whether it is FX account or CFD account, on and after the 31st July 2010.

As the new restriction on margin effective as of the 1st August 2010 applies to FX Transaction only, the changes we make to our trading rules accordingly are also reflected in our FX Transaction only. Therefore, the above-mentioned changes to our rules concerning Guaranteed Stop or Stop Order shall not be applicable to other CFD transactions we offer, and making non-FX Transaction with reduced Maintenance Margin by attaching Guaranteed Stop or Stop Order remains available.

In any of the above Transactions, please note that Margin requirement as well as Standard Margin rate is subject to change depending on the market conditions. Please note we do not generally inform you of such changes.

Please note that Margin is applicable to new orders as well as open positions.

We accept margin in cash only. We do not accept securities in lieu of margin money.

We may limit the maximum margin deposit, amount of maximum open positions and any changes in leverage, at our discretion, based on your circumstances.

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7. Manner of Deposit and Reimbursement of Margin

(i) Depositing Margin

You shall deposit margin to a bank account designated by us, which is dedicated to deposits only.

Deposits should be made in the base currency of your account only, as we will not be able to accept deposits in any other currency. All deposits should be made by bank remittance or bank transfer. We only accept deposits from the account holder or a bank transfer by the account holder. If anybody other than the account holder wish to deposit Margin, such deposit instruction shall be rejected or any funds received by us according to such instruction shall be refunded. If any fees incur as a result of deposit refund or cancellation caused by a non-account holder making the deposit, such fee shall be payable by you to us by means of deducting the relevant amount from the total amount of the deposit refund, etc. Refusal of deposit instruction and deposit refund, etc. shall be processed, in theory, without notice to the remitter or the account holder. We assume no liability for any damages caused by the refusal of deposit instruction or deposit refund, etc. due to a non-account holder making the deposit.

(ii) Margin Reimbursement

We will refund Margin, only if and to the extent that your Available Margin Balance exceeds the Margin requirement for open positions or/and new orders. As we can deposit the said excess amount of Margin to your bank account only via your 'FX Account', such excess amount available in your 'CFD Account' should be preliminarily transferred to your 'FX Account' by yourself in order for us to proceed with the reimbursement. We will credit such amount to the bank account designated by you no later than three business days for Yen-denominated account, and six business days for US Dollar- denominated account after the refund has been requested.

You can only designate a domestic bank account for margin refunds and we do not refund margin to overseas bank accounts.

8. Amount, Calculation and Collection of Trading Commission

We do not charge commission when you open or close any FX, Stock Index CFD, Stock Index Futures CFD, 'Rates and Bonds' Futures CFD, Commodity Spot CFD, Commodity Futures CFD or Options CFD including Binary Option. Therefore, the prices agreed between you and us are in principle the actual contractual prices. However, attaching Guaranteed Stops would require a premium, which comes in the form of extra spread to be added to the relevant contractually agreed price set between you and us. Share CFD transactions incur commission and the amount of commission varies depending on the Share. When attaching a Guaranteed Stop to a Share CFD transaction, extra commission will be added.

9. Other key matters which may affect your trading decisions

(i) Swap Points As for FX transactions, if you do not settle the order on the Expiry Date and carry it over to the next day or thereafter, it is required that you settle the amount equivalent to the interest spread differential, called 'swap points'.

Swap points shall be fixed by us, based on the interest spread differential between the base and counter currencies. Even if the order is for a Transaction of the same currency pair, the applicable swap points at the time of the buy order shall differ from that applicable at the time of the sell order.

Swap points may be determined daily, reflecting the market trends. Please refer to our trading platform for the latest swap points.

In principle, if your Transaction is selling currency of lower interest rate and buying currency of higher interest rate, we will make payment of swap points to you (for your profit). On the other hand, please note that if your Transaction is selling currency of higher interest rate and buying currency of lower interest rate, you are required to make payment of swap points to us (at your loss).

However, in cases where the interest spread differential of the currencies traded is extremely small etc., under certain market conditions there are times when you may have to make payment of swap points to us together with buy orders and/or sell orders (at your loss).

(ii) Forced Settlement

If the level of your Available Margin Balance falls below the Maintenance Margin required for your open positions and/or unexecuted orders we shall attempt to notify you, although it is your responsibility to ensure that you are aware of the level of your Available Margin Balance at all times.

Until the 30th July 2010, if the level of your Equity falls to 80% or less of the Maintenance Margin required for your open positions and/or unexecuted orders then we will forcibly cancel any unexecuted orders and/or to close unsettled positions in whole or in part without notice ("Forced Settlement"). On and after the 31st July 2010, if the level of your Equity falls to 75% or less of the Maintenance Margin required for your open positions and/or unexecuted orders then we will exercise Forced Settlement without prior notice. When we conduct a Forced Settlement it is possible that the settlement level will be at price unfavourable to you. Please refer to 5(v) above for details on Forced Settlement.

As for FX Accounts of retail customers, on and after the 31st July 2010, if the level of your Equity falls to 100% or less of the Maintenance Margin required for your open positions and/or unexecuted orders as at 12:00 noon Japan time every business day, then we will exercise Forced Settlement.

(iii) Order for Forced Settlement

Order for Forced Settlement shall be made by no-limit order at our discretion. Therefore, if such order is made, settlement could be made at a price unfavourable to the client.

(iv) Settlement of standard type of Options CFDs

Options CFDs excluding Binary Options cannot be exercised by or against you or result in delivery of the underlying instruments. If you are 'in-the-money' at the expiry, it will be automatically settled with the difference between the strike price and the level of the price of the relevant underlying instrument.

(v) Order level of Share CFDs

A level of Stop Order or Limit Order for Share CFD transaction needs to be equal to a tick of a relevant bid and ask price in the relevant underlying market. Please note that we cannot accept any order with Stop/Limit Order level which is less than a relevant tick.

10. Trading Procedures

Please refer to our Help pages on our trading platform and homepage for the details on Trading Procedures.

11. Taxation on Gain

Any gain (gain from trading, Swap points, Funding Costs, and Dividends payment) arising from over-the-counter CFD Trading entered into by you is subject to aggregate income tax as "miscellaneous income." If any gain exceeds 200,000 yen annually (from January 1 to December 31), a tax return must be filed. For a corporate customer, a tax return must be filed in accordance with the corporate tax law. In either case, please consult with the relevant tax authority or professionals such as tax advisors.

12. Glossary

"Ask"

The price at which you can buy - referred to as "Buy price" or "Offer"

"Bid"

The price at which you can sell. Referred to as "Sell" price.

"Dividends"

Applicable to Transactions that relate to Stock Index CFDs and Share CFDs, when a constituent of Share Index or a share that you trade has given out dividends, your account receives such dividends. Dividends are received for long positions and paid for short positions.

“Equity”

The amount of disposable margin remaining after subtracting unrealised profit/loss (valued at the prevailing price) arising from any open positions from the total margin deposited by you.

“Funding cost”

Applicable to Transactions that relate to Stock Index CFDs, Share CFDs and Commodity Spot CFDs, Funding cost is the cost required to fund a Transaction. In principle, you will receive Funding cost if you hold a short position whereas you will pay Funding cost if you hold a long position.

“Guaranteed Stop Order”

A type of stop order which you can attach to your market orders or new orders which is guaranteed to be triggered at the specified stop level without fail. To place this order, a premium fee will be added to the buy/sell spreads or to the commission.

“IF Done Order”

An order type to place 2 consecutive orders where the second order becomes valid only if the first order is executed.

“IFO transactions”

A type of order that combines IF Done and OCO orders where, when the IF Done order is executed, results in both a Stop and Limit orders becoming valid as an OCO order.

“Limit Order”

An order to execute when the price becomes more favourable than the current price. More specifically, when the price moves downward for long positions and upward for short positions.

“Margin Requirement”

Collateral required to maintain the status of your existing positions and new and unexecuted orders.

”Market Order”

A type of order where you buy or sell at the prevailing buy/sell price..

“OCO Order”

An order type where both Limit and Stop orders are placed at the same time but one of them to be cancelled when the other order is filled.

“Offer”

The price at which you can buy- also referred to as “Buy Price” and displayed as “Ask” on our trading platform

“Order to Open”

Limit / Stop Order placed to open a new position or close an existing position.

“OTC Transactions”

The way Sellers and Buyers directly negotiate prices and enter into a transaction without having intermediaries such as exchanges. It is referred to as “OTC”

“Stop Order”

A type of order which is triggered at the market price when Buy/Sell prices go against you (i.e. Buy price to come down or Sell price to go up). It may limit the amount of loss to be incurred on existing positions.

“Swap Points”

Applicable to FX transactions, Swap Points are Debit or credit amount arising from the interest differentials of the two currencies to be incurred when a Transaction is rolled over to the next day. This amount varies daily depending on market conditions.

“Trailing Stop Order”

A type of Stop Order which can be attached to an order to open or an open position. When the position fluctuates in a profitable direction, the Stop order moves in accordance with the market price. When the market prices moves against your position, the Stop Order does not fluctuate.

“Unexecuted Order”

An order to open which is not yet executed.

Please refer to the FX Online Japan website “Glossary” for other terminology related to trading.

13. Matters to Confirm Regarding Risk of Trading

13.1 FX Transactions

FX margin trading is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not FX margin trading is a type of investment that suits your financial resources, trading experiences and investment purposes etc.

(i) Exchange Rate Fluctuation Risk

Currency fluctuates due to political and economic factors worldwide and other various factors. Please note that FX margin trading is always exposed to currency fluctuation risk.

Because the FX margin transaction is conducted using a leverage effect, for which the gross amount of trade shall be much greater than the amount of Initial Margin, fluctuations on foreign currency markets may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Available Margin Balance is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your orders or closing your open positions on your account.

In the event that foreign exchange market moves materially against you, you may suffer a loss greater than your margin requirement as a result of “Forced Settlement.” In such case, you must pay this additional loss by 3pm on the next bank business day.

When the 2nd named currency (the currency displayed on the right side) is not the base currency on your account, you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

When trading foreign exchange, spot rates can move sharply due to fluctuations in interest rates that relate to the relevant currency pair. Similarly, daily swap points are affected by those interest-rate fluctuations.

(iii) Credit Risk

Because the FX margin transaction is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your margin balance amount will be kept separately from our assets, the repayment of such margin balance shall not be covered by any official investor protection system in Japan. Therefore it is possible that you may sustain losses in the event of deterioration in our credit status or our transaction banks etc.

(iv) Spread increase on FX transactions before and after Publication of Indices / Weekends or Beginning of the Week

Acts of God, war, terrorism or the holding of important international conferences and events may have a major impact on the foreign exchange market. In addition, publication of economic indicators can cause major market price fluctuations. On weekends and in the beginning of the week, foreign exchange markets may be subject to lower liquidity. Please be aware that there are spread increases on these markets. Following a spread increase, the Available Margin Balance may decrease or Forced Settlement may occur.

(v) Slippage Risk

A stop order is automatically executed at the prevailing market price when the order level is reached and therefore the actual stop level could end up differing from your specified level and you may suffer more loss than you have expected.

On foreign exchange markets, opening prices may start at a level that differs greatly from the closing at the end of the previous week. In such cases, even if a stop order has been made, it may be executed at a level which is greatly different from the order level. (Corporate customers' Guaranteed Stop are excluded from this treatment.)

At the time of publication of important economic indicators etc., and at the time of markedly rapid fluctuations in market price, there may sometimes be a substantial gap between your specified stop order level and the actual stop price achieved.

(vi) Liquidity Risk

The foreign exchange market sometimes sees drastic market fluctuations.

With FX Transactions, the buy-sell spread widens during the hours when the relevant foreign exchange market has low liquidity or when it is experiencing a high volatility. As the spread widens your Equity will decrease, which may result in an exercise of Forced Settlement. In such an event, it could become difficult to settle your FX positions or place orders to open, resulting in your open positions forcibly closed by us.

FX Transactions could be suspended due to regulatory restrictions of certain countries, which can result in the malfunction of FX transactions leading to a practical inability to trade certain currencies.

Please note that trading may be difficult to execute when there occurs an event such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

When trading FX margin transactions as a corporate customer, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

(vii) Risk Associated with Online Trading

Since the FX margin transaction is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on FX margin trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading your mistakes in putting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for the FX margin trading are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(viii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this cause your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.2 Stock Index CFDs

Trading Stock Index CFDs is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Stock Index CFD trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Stock Indices Price Fluctuation Risk

Stock index prices that form part of your Stock Index CFD Trading fluctuate due to political and economic factors worldwide and other various factors.

Because Stock Index CFD Trading is conducted using a leverage effect, for which the gross amount of transaction shall be much greater than the amount of Initial Margin, fluctuations on Stock Index prices may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing your open positions on your account.

In the event that a Stock Index market moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next banking business day.

When the currency involving your Stock Indices transaction is not the base currency of your account (Yen or Dollar), you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

Stock Index prices can move sharply due to interest-rate fluctuations. Funding costs are affected by Stock Index prices as well as interest-rate fluctuations.

(iii) Credit Risk

Because Stock Index CFD Trading is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event that our credit status or that of our transaction banks etc deteriorate.

As for Stock Index CFD Trading, credit deterioration of the constituents of Stock Indices can cause the prices to dip.

(iv) Slippage Risk

A stop order is automatically executed at the market price when the order level is reached and the actual stop level can end up differing from the order level and you may suffer more loss than you have expected.

Stock Index CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Open prices could differ greatly from the close prices of the previous day. In such cases, even if you have placed a stop order, the actually executed stop level may deviate greatly from the order level. (Guaranteed Stops excluded)

At the time of publication of important economic indicators etc., and when the market price fluctuates sharply, there may sometimes be a substantial gap between the stop order price and the executed price.

(v) Liquidity Risk

Stock Index CFD Trading does not operate for 24 hours a day, as such there are non-trading hours which could sometimes see drastic market fluctuations.

During non-trading hours, you can not open new positions nor close existing positions.

In the event that Stock Index CFD Trading is suspended due to the market reaching the trading limit, it could hinder conducting your trading.

When trading Stock Index CFDs, the market spread (spread between the Bid and Ask prices) widens during non-trading hours of the corresponding Futures market, which underpins the Stock Index prices. This can trigger your Equity to be reduced, resulting in your positions being automatically closed out.

When trading Stock Index CFDs, there may be a limit on the contract size. In those events and when we find that your order sizes are large, we reserve the right to cancel any such orders at our sole discretion, resulting in your open positions not being closed out as you intended.

When trading Stock Index CFDs, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

Shares or Stock Index CFD Trading could be suspended due to regulatory restrictions of certain countries and exchanges or system failure, leading to a widening of the market spread (spread between the Bid and Ask prices) and/or a practical inability to trade Stock Indices.

Please note that trading may be difficult to execute or the market spread (spread between the Bid and Ask prices) widens when an event occurs, such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(vi) Risk Associated with Online Trading

Since Stock Index CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Stock Index CFD Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your mistakes of inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for Stock Index CFD Trading account are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(vii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this causes your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.3 Stock Index Futures CFDs

Trading Stock Index Futures CFDs is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Stock Index Futures CFD trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Stock Index Futures Price Fluctuation Risk

Stock index futures prices that form part of your Stock Index Futures CFD Trading fluctuate due to political and economic factors worldwide and other various factors.

Because Stock Index Futures CFD Trading is conducted using a leverage effect, for which the gross amount of transaction shall be much greater than the amount of Initial Margin, fluctuations on Stock Index Futures prices may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing your open positions on your account.

In the event that a Stock Index Futures market moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next banking business day.

When the currency involving your Stock Indices transaction is not the base currency of your account(Yen or Dollar), you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

Stock Index Futures prices can move sharply due to interest-rate fluctuations.

(iii) Credit Risk

Because Stock Index Futures CFD Trading is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event that our credit status or that of our transaction banks etc deteriorate.

As for Stock Index Futures CFD Trading, credit deterioration of the constituents of Stock Indices can cause the prices to dip.

(iv) Slippage Risk

A stop order is automatically executed at the market price when the order level is reached and the actual stop level can end up differing from the order level and you may suffer more loss than you have expected.

Stock Index Futures CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Open prices could differ greatly from the close prices of the previous day. In such cases, even if you have placed a stop order, the actually executed stop level may deviate greatly from the order level. (Guaranteed Stops excluded)

At the time of publication of important economic indicators etc., and when the market price fluctuates sharply, there may sometimes be a substantial gap between the stop order price and the executed price.

(v) Liquidity Risk

Stock Index Futures CFD Trading does not operate for 24 hours a day, as such there are non-trading hours which could sometimes see drastic market fluctuations.

During non-trading hours, you can not open new positions nor close existing positions.

In the event that Stock Index Futures CFD Trading is suspended due to the market reaching the trading limit, it could hinder conducting your trading.

When trading Stock Index Futures CFDs, the market spread (spread between the Bid and Ask prices) widens during non-trading hours of the corresponding Futures market, which underpins the Stock Index Futures prices. This can trigger your Equity to be reduced, resulting in your positions being automatically closed out.

When trading Stock Index Futures CFDs, there may be a limit on the contract size. In those events and when we find that your order sizes are large, we reserve the right to cancel any such orders at our sole discretion, resulting in your open positions not being closed out as you intended.

When trading Stock Index Futures CFDs, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

Shares or Stock Index Futures CFD Trading could be suspended due to regulatory restrictions of certain countries and exchanges or system failure, leading to a widening of the market spread (spread between the Bid and Ask prices) and/or a practical inability to trade Stock Index Futures.

Please note that trading may be difficult to execute or the market spread (spread between the Bid and Ask prices) widens when an event occurs, such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(vi) Risk Associated with Online Trading

Since Stock Index Futures CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Stock Index Futures CFD Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your mistakes of inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for Stock Index Futures CFD Trading account are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(vii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this causes your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.4 Share CFD Trading

Trading Share CFDs is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Share CFD trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Share Price Fluctuation Risk

Share prices that form part of the underlying Shares CFD Trading fluctuate due to political and economic factors worldwide and other various factors.

Because Share CFD Trading is conducted using a leverage effect, for which the gross amount of transaction shall be much greater than the amount of Initial Margin, fluctuations on Share prices may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing your open positions on your account.

In the event that Share prices moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next banking business day.

When the currency involving your Share CFD transaction is not the base currency of your account (e.g. Yen or US Dollar), you are exposed to foreign exchange risk as unrealised profit/loss from your transaction will be affected by the fluctuations of foreign exchange rates, resulting in a reduction of your Equity, which can go below the minimum margin level required by us.

(ii) Interest-Rate Risk

Share prices sometimes move sharply due to interest-rate fluctuations. Daily funding costs are affected by share price as well as interest-rate fluctuations.

(iii) Credit Risk

Because Share CFD Trading is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered by under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event of deterioration in our credit status or our transaction banks etc.

When trading share CFDs, credit deterioration of the underlying companies can cause prices to sharply worsen or even become worthless, making it necessary for us to raise the Maintenance Margin rate.

(iv) Slippage Risk

A stop order is automatically executed at the market price when the order level is reached and the actual stop level can end up differing from the order level and you may suffer more loss than you have expected.

Shares CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Share CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Opening prices can differ greatly from the closing prices of the previous day. In such cases, even if you have placed a stop order, the actually executed stop level may.

(v) Liquidity Risk

Shares CFD Trading does not operate for 24 hours and there are non-trading hours and could sometimes see drastic market fluctuations.

During non-trading hours, you can not open new positions nor close existing positions.

When trading Share CFDs, we normally quote the Bid and Ask prices equivalent to those in the underlying market. When the liquidity is low, market spread (spread between the Bid and Ask prices) moves sharply. Widening of the market spread could mean that your Equity is diminished, resulting in your positions being automatically closed out by our Forced Settlement procedure.

When trading Share CFDs, there may be a limit on the contract size. In those events and when we find that your order sizes are large, we reserve the right to cancel any of such orders at our sole discretion, resulting in your open positions not being closed out as you intended.

When trading Share CFDs, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

In the event that Share CFD Trading is suspended due to the underlying share prices reaching a trading limit, it could hinder conducting your trading.

Share CFD Trading could be suspended due to regulatory restrictions of certain countries and exchanges or system failure, leading to a practical inability to trade Share CFDs.

When trading Share CFDs, it may occur from time to time that opening short position becomes difficult because of share liquidity and regulations imposed by the authorities. And your existing short position may be closed at our discretion should it become impossible to procure from our cover bank, etc. the relevant shares which comprise the underlying instruments.

Please note that trading may be difficult to execute and that market spread (the spread between the Bid and Ask prices) may widen when there occurs an event such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(vi) Risk Associated with Online Trading

Since Shares CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Share CFDs Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your transaction could end up being executed at a non-desired level should you mistakenly input your trading orders.

In addition, if your account number, password, etc. for Shares CFD Trading account were disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(vii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this could cause your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.5 'Rates & Bonds' Futures CFDs

Trading Rates and Bond Futures CFDs is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Rates and Bond Futures CFD trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Price Fluctuation Risk

Rates Futures and Bond Futures prices that form part of your Rates and Bonds Futures CFD trading fluctuate due to political and economic factors worldwide and other various factors.

Because 'Rates and Bonds' Futures CFD Trading is conducted using a leverage effect, for which the gross amount of transaction shall be much greater than the amount of Initial Margin, fluctuations on 'Rates and Bonds' Futures prices may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing your open positions on your account.

In the event that a 'Rates and Bonds' Futures market moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next banking business day.

When the currency involving your 'Rates and Bonds' Futures CFD transaction is not the base currency of your account (Yen or Dollar), you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

'Rates and Bonds' Futures CFD prices can move sharply due to interest-rate fluctuations.

(iii) Credit Risk

Because 'Rates and Bonds' Futures CFD Trading is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event that our credit status or that of our transaction banks etc deteriorate.

(iv) Slippage Risk

A stop order is automatically executed at the market price when the order level is reached and the actual stop level can end up differing from the order level and you may suffer more loss than you have expected.

'Rates and Bonds' Futures CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Opening prices could differ greatly from the closing prices of the previous day. In such cases, even if you have placed a stop order, the actual level at which the stop is executed may deviate greatly from the order level (Guaranteed Stops excluded).

At the time of publication of important economic indicators etc., and when the market price fluctuates sharply, there may sometimes be a substantial gap between the stop order price and the executed price.

(v) Liquidity Risk

'Rates and Bonds' Futures CFD Trading does not operate for 24 hours a day, as such there are non-trading hours which could sometimes see drastic market fluctuations.

During non-trading hours, you can not open new positions nor close existing positions.

With 'Rates and Bonds' Futures CFD Trading, the buy-sell spread widens during the hours when the market of relevant underlying asset has low liquidity. As the spread widens your Equity will decrease, which may result in an exercise of Forced Settlement

In the event that 'Rates and Bonds' Futures Trading on the relevant underlying exchange is suspended, e.g. because the market has reached an exchange trading limit, it could hinder your ability to conduct CFD trading on the relevant underlying instrument.

When trading 'Rates and Bonds' Futures CFDs, there may be a limit on the contract size. In those events and when we find that your order sizes are large, we reserve the right to cancel any such orders at our sole discretion, resulting in your open positions not being closed out as you intended.

When trading 'Rates and Bonds' Futures CFDs, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

'Rates and Bonds' Futures CFD Trading could be suspended due to regulatory restrictions of certain countries and exchanges or system failure, leading to a widening of the market spread (spread between the Bid and Ask prices) and/or a practical inability to trade 'Rates and Bonds' Futures.

Please note that trading may be difficult to execute or the market spread (spread between the Bid and Ask prices) widens when an event occurs, such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(vi) Risk Associated with Online Trading

'Rates and Bonds' Futures CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on 'Rates and Bonds' Futures CFD Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your mistakes of inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for 'Rates and Bonds' Futures CFD Trading account are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(vii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this causes your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.6 Commodity Spot CFDs

Commodity Spot CFD trading is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Commodity Spot CFD trading is a type of investment that suits your financial resources, trading experiences and investment purposes etc.

(i) Price Fluctuation Risk

Commodity Spot CFD prices fluctuate due to political and economic factors worldwide and other various factors.

Because Commodity Spot CFD transactions are conducted using a leverage effect, for which the gross amount of trade shall be much greater than the amount of Initial Margin, fluctuations on Commodity markets may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Available Margin Balance is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your orders or closing your open positions on your account.

In the event that the Commodity market moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next bank business day.

When the currency in your Commodity Spot CFD transaction is priced is not the base currency on your account, you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

When trading Commodity Spot CFDs, prices may fluctuate due to fluctuations in interest rates. Similarly, daily swap points are affected by those interest-rate fluctuations.

(iii) Credit Risk

Because a Commodity Spot CFD transaction is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your margin balance amount will be kept separately from our assets, the repayment of such margin balance shall not be covered by any official investor protection system in Japan. Therefore it is possible that you may sustain losses in the event of deterioration in our credit status or our transaction banks etc.

(iv) Spread increase on Commodity Spot CFD transactions before and after Publication of Indices / Weekends or Beginning of the Week

Acts of God, war, terrorism or the holding of important international conferences and events may have a major impact on the Commodity markets. In addition, publication of economic indicators can cause major market price fluctuations. On weekends and in the beginning of the week,

Commodity markets may be subject to lower liquidity. Please be aware that there are spread increases on these markets. Following a spread increase, the Available Margin Balance may decrease and Forced Settlement may be exercised.

(v) Slippage Risk

A stop order is automatically executed at the prevailing market price when the order level is reached and therefore the actual stop level could end up differing from your specified level and you may suffer more loss than you have expected.

On Commodity spot markets, opening prices may start at a level that differs greatly from the closing at the end of the previous week. In such cases, even if a stop order has been made, it may be executed at a level which is greatly different from the order level. (Guaranteed Stops are excluded from this treatment.)

At the time of publication of important economic indicators etc., and at the time of markedly rapid fluctuations in market price, there may sometimes be a substantial gap between your specified stop order level and the actual stop price achieved.

(vi) Liquidity Risk

The Commodity spot market sometimes sees drastic market fluctuations.

In such an event, it could become difficult to settle your Commodity spot CFD positions or place orders to open, resulting in your open positions forcibly closed by us.

Commodity spot CFD Transactions could be suspended due to regulatory restrictions of certain countries, which can result in the malfunction of Commodity spot CFD transactions leading to a practical inability to trade certain currencies.

Please note that trading may be difficult to execute when there occurs an event such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

When trading Commodity spot CFD transactions, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

(vii) Risk Associated with Online Trading

Since Commodity spot CFD transactions are electronic transactions using the internet, they carry the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Commodity spot CFD trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading your mistakes inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for the Commodity spot CFD trading are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(viii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this cause your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.7 Commodity Futures CFDs

Trading Commodity Futures CFDs is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone. Before you commence trading, please consider first whether or not Stock Index Futures CFD trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Price Fluctuation Risk

Commodity futures prices that form part of your Commodity Futures CFD Trading fluctuate due to political and economic factors worldwide and other various factors.

Because Commodity Futures CFD Trading is conducted using a leverage effect, for which the gross amount of transaction shall be much greater than the amount of Initial Margin, fluctuations on Commodity Futures prices may provide significant gains, but significant losses may also be incurred over a short period.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing your open positions on your account.

In the event that a Commodity Futures market moves materially against you, you may suffer a loss greater than your margin requirement as a result of "Forced Settlement." In such case, you must pay this additional loss by 3pm on the next banking business day.

When the currency involving your Commodity Futures transaction is not the base currency of your account(Yen or Dollar), you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Interest-Rate Risk

Commodity Futures prices may fluctuate due to interest-rate fluctuations.

(iii) Credit Risk

Because Commodity Futures CFD Trading is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event that our credit status or that of our transaction banks etc deteriorate.

(iv) Slippage Risk

A stop order is automatically executed at the market price when the order level is reached and the actual stop level can end up differing from the order level and you may suffer more loss than you have expected.

Commodity Futures CFD Trading does not operate for 24 hours a day and as such there are non-trading hours.

Open prices could differ greatly from the close prices of the previous day. In such cases, even if you have placed a stop order, the actually executed stop level may deviate greatly from the order level. (Guaranteed Stops excluded)

At the time of publication of important economic indicators etc., and when the market price fluctuates sharply, there may sometimes be a substantial gap between the stop order price and the executed price.

(v) Liquidity Risk

Commodity Futures CFD Trading does not operate for 24 hours a day, as such there are non-trading hours which could sometimes see drastic market fluctuations.

During non-trading hours, you can not open new positions nor close existing positions.

In the event that Commodity Futures CFD Trading is suspended due to the market reaching the trading limit, it could hinder conducting your trading.

When trading Commodity Futures CFDs, the market spread (spread between the Bid and Ask prices) widens during non-trading hours of the corresponding Futures market, which underpins the Stock Index Futures prices. This can trigger your Equity to be reduced, resulting in your positions being automatically closed out.

When trading Commodity Futures CFDs, there may be a limit on the contract size. In those events and when we find that your order sizes are large, we reserve the right to cancel any such orders at our sole discretion, resulting in your open positions not being closed out as you intended.

When trading Commodity Futures CFDs, we reserve the right to put a cap on the size of your order or the order level when attaching Guaranteed Stops.

Commodity Futures CFD Trading could be suspended due to regulatory restrictions of certain countries and exchanges or system failure, leading to a widening of the market spread (spread between the Bid and Ask prices) and/or a practical inability to trade Commodity Futures.

Please note that trading may be difficult to execute or the market spread (spread between the Bid and Ask prices) widens when an event occurs, such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(vi) Risk Associated with Online Trading

Since Commodity Futures CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Commodity Futures CFD Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your mistakes of inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for Commodity Futures CFD Trading account are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(vii) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this causes your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

13.8 Option CFDs

Trading Option CFDs including Binary Options is a high-risk, high-return form of trading, accordingly it is not an investment that suits everyone.

Before you commence trading, please consider first whether or not Binary Options trading is an investment means that suits your financial resources, trading experiences and investment purposes etc.

(i) Price Fluctuation Risk

Options CFD prices fluctuate in accordance with the price fluctuation of underlying instruments. The price of underlying instruments fluctuates due to political and economic factors worldwide and other various factors.

Option CFD trading may result in the loss of an amount greater than the full amount of invested funds within a short period due to price fluctuation and, if the option is in a currency other than your base currency, could result in the loss of a greater amount due to currency fluctuation.

Particularly in the case of Binary Options, fluctuations in the price of the option may rise significantly when the price of the underlying instruments is close to the execution price of the Binary Option near market closing.

In the event that your amount of Equity is less than the level prescribed by us, we shall, without notice to you, make Forced Settlement by cancelling your unexecuted orders or closing open positions on your account.

When the currency of your Option CFD transaction is not the base currency of your account (e.g. Yen or Dollar), you are exposed to foreign exchange risk as the unrealised profit/loss from the transaction will be affected by the fluctuations of foreign exchange rates. This can result in a reduction of your Equity, which can go below the minimum margin level required by us and result in Forced Settlement.

(ii) Credit Risk

Because an Option CFD is a negotiated transaction between you and us, it is possible that you may sustain losses due to our credit status.

Although your deposited margin will be kept separately from our assets, the repayment of such margin shall not be covered under any public investor protection system in Japan. Therefore it is possible that you may sustain losses in the event that our credit status or that of our transaction banks etc deteriorates.

(iii) Liquidity Risk

Option CFD orders can be submitted only at the level of the price quoted by us at the time of your order.

Please note that trading may be difficult to execute and the market spread (spread between the Bid and Ask prices) may widen when an event occurs, such as war, act of God, dispute or change of exchange policy or regulations of the relevant country.

(iv) Risk Associated with Online Trading

Since Option CFD Trading is an electronic transaction using the internet, it carries the risks that accompany electronic transactions.

In the event of malfunction or breakdown in the telecommunication lines or system devices that belong to you or third parties, there may be limitations on Option CFD Trading.

In the event of malfunctioning or breakdown in our telecommunication lines or system devices, your opportunities for gain may be lost.

In Internet trading, your mistakes of inputting trading orders may result in executions at a non desired level.

In addition, if your account number, password, etc. for Option CFD Trading account are disclosed to a third party due to theft or eavesdropping, etc., unexpected losses may be suffered.

(v) Other Risks

Due to market conditions and under other circumstances, we reserve the right to modify the Standard Margin rate at our discretion. You acknowledge that such change can result in the fluctuation of your Margin amount and this causes your loss to be realised by Forced Settlement or any of your unexecuted orders to be forcibly cancelled.

14. Prohibitions

(1) FXONLINE is prohibited to perform the following acts pursuant to the Financial Instruments and Exchange Law in connection with the OTC derivatives contract with a customer as a counterparty ("Transactions"):

give you false information in connection with entering into or soliciting to enter into an OTC derivatives contract (hereinafter referred to as a contract for OTC derivatives transactions between you as principal and us as a counterparty);

solicit you to enter into an OTC derivatives contract, offering a decisive judgment as to uncertain matters, or misleading you into believing them to be certain;

visiting or telephoning you despite the fact that you have not requested to be solicited to enter into an OTC financial futures contract (hereinafter referred to as a contract for OTC financial futures between you as the principal and us as the counterparty), and soliciting you to enter into an OTC financial futures contract (excluding such solicitation if you engage in continuous trading (but limited if you have entered into two or more OTC financial futures transactions during one year prior to the date of solicitation or have outstanding positions of OTC financial futures transactions on the date of solicitation) to enter into an OTC financial futures contract, or soliciting a corporation that engages in foreign trading or other business activities that involve foreign exchange transactions to enter into an OTC financial futures contract);

solicit a customer to conclude an OTC financial futures contract without confirming with the customer prior to the solicitation whether he/she wishes to receive such solicitation;

solicit a customer to conclude an OTC financial futures contract, even though he/she has expressed his/her intention not to conclude an OTC financial futures contract (including his/her intention not to wish to continue to receive such solicitation; hereinafter the same) or continue to solicit the customer to conclude an OTC financial futures contract even though he/she has expressed his/her intention not to conclude such OTC financial futures contract;

solicit a customer to conclude or cancel an OTC derivatives contract by visit or call during hours that would cause the customer to be inconvenienced;

offer or promise, or cause a third party to offer or promise a customer or a third party designated by the customer that if the customer incurs a loss or does not earn a predetermined profit in connection with an OTC derivatives transaction, FXONLINE or any third party will provide economic benefits to the customer or the third party so designated, in order to cover all or a part of loss or make up all or part of deficit in predetermined profit;

offer or promise, or cause a third party to offer or promise that FXONLINE or any third party will provide economic benefits to the customer or a third party designated by the customer in order to cover all or a part of the losses incurred by the customer or to supplement the profit of the customer in relation to an OTC derivatives transaction;

provide, or cause a third party to provide, economic benefits to the customer or the third party, in order to compensate all or a part of loss incurred by the customer or provide economic benefits additional to the profit of the customer, in relation to an OTC derivatives transaction;

enter into an OTC derivatives contract without giving a prior explanation to you, which is required to ascertain your knowledge, experience, financial circumstances, and objectives of entering into the OTC derivatives contract set forth in Article 37-3(1) (i) through (vii) of the Financial Instruments and Exchange Law and in connection with the delivery of the Pre-Contract Document and the Document on Amendment of Contract so that you fully understand the implications;

make a false representation or a representation that would cause a misunderstanding concerning a material matter in connection with entering into an OTC derivatives contract or soliciting of the same;

promise to provide special benefits to a customer or a person designed by the customer, or provide special benefits to a customer or third party, in connection with an OTC derivatives contract (including an act of having a third party promise to provide special benefits, or having a third party provide the same);

employ artifice, battery or coercion to enter into or cancel an OTC derivatives contract;

decline or unduly delay an OTC derivatives transaction under an OTC derivatives contract or other performance of all or part of its obligations under an OTC derivatives contract;

usurp the money, securities and any other assets or margin and other surety deposits held by FXONLINE for the account of the customer under an OTC derivatives contract by using a false market price or any other fraudulent means;

gather customers without specifying in advance that there is an objective of soliciting the conclusion of an OTC financial futures contract, and engaging in soliciting to enter into an OTC financial futures contract;

enter into an OTC derivatives transaction for the account of a customer without obtaining consent from the customer in advance;

conduct on the part of a director, statutory auditor or employee of a financial instruments dealer of using his or her status in his or her duties to enter into an OTC derivatives contract, based on special information obtained in the course of business, such as customer's order trends in connection with OTC derivatives transactions of customers, or primarily in pursuit of speculative profits;

conclude a contract, other than in writing, which provides that out of total customer's funds, upon consent of such customer, the type of trading, composition of currency pairs, number or volume of trading, and contract price (each of which remains undetermined by the customer) shall be determined by an electronic computer upon occurrence of certain events or other predetermined method, and financial instruments dealer will execute transactions accordingly (excluding concluding through electronic information processing system or other information and telecommunication technology); and

make a solicitation or engage in any similar act concerning an offsetting trade against the sale or purchase of an OTC financial futures transaction or any similar transaction entered into by the customer (meaning a transaction to reduce loss arising from such transactions).

(2) Customer is prohibited to perform the following acts pursuant to the Financial Instruments and Exchange Law in connection with OTC Derivatives Transactions:

with FXONLINE or any third party, promise, or make a third party to promise, the customer or a third party designated by him/her for FXONLINE or any third party to provide economic benefits to the customer or the third party, in order to compensate all or a part of loss to be incurred by the customer or make up all or part of deficit in pre-determined profit, in relation to a OTC Derivatives trading (only when such promise is made based upon request by the customer directly or through the third party);

with FXONLINE or any third party, promise, or make a third party to promise, the customer or a third party designated by him/her for FXONLINE or any third party to provide economic benefits to the customer or the third party, in order to compensate all or a part of loss incurred by the customer or provide economic benefits additional to the profit of the customer, in relation to a OTC Derivatives trading (only when such promise is made based upon request by the customer directly or through the third party); and

from FXONLINE or any third party, receive economic benefits to be provided to the customer or the third party as compensation of all or a part of loss incurred by the customer or economic benefits additional to the profit of the customer, in relation to a OTC Derivatives trading, or make any third party to receive such benefits (only when such receipt is based on the promise requested by the customer directly or through the third party for FXONLINE or any third party to provide economic benefits, in order to compensate all or a part of loss incurred by the customer or provide economic benefits additional to the profit of the customer, or the offer of such economic benefits is made based on the request by the customer directly or through the third party).

<Supplementary Provision> Option CFDs: explanations

How the prices of Option CFDs including Binary Option fluctuate greatly differs from any other financial products we offer. Here you will find explanations about characteristics and price fluctuations of Option CFDs. You are strongly recommended to read this part carefully and thoroughly prior to start trading Option CFDs and to fully understand the risks and such associated with the relevant transactions.

1. Type of Option CFDs

Our Option CFDs are categorized into three types as follows:

- (1) Standard Option CFD
- (2) Binary Option (Ladder)
- (3) Binary Option (OneTouch)

Characteristics of each product are as explained here below.

(1) Standard Option CFD

Standard Option is the right to buy or to sell a particular instrument at a specified fixed level on a fixed time or date. A call option is the right to buy and a put option is the right to sell. With our Option CFDs, you can trade CFDs on this Standard Option. The price level at which a specific contract can be exercised is called strike price.

(2) Binary Option (Ladder)

Binary Option (Ladder) is a financial instrument to take a view on a strike price of a product (underlying asset) at a specified fixed time or date. Each Binary Option (Ladder)'s product name is presented with a strike price of a relevant underlying asset. If a price of the underlying asset at a specified fixed time or date exceeds the strike price this Binary settles at 100 while if the price falls below the strike price, it settles at 0.

(3) Binary Option (OneTouch)

Binary Option (OneTouch) is a financial instrument to take a view on whether a price of a product (underlying asset) will reach a strike price or not by a specified fixed time or date. Each Binary Option (OneTouch)'s product name is presented with a strike price of a relevant underlying asset. Once a price of an underlying asset reaches a strike price, Binary Option (OneTouch) settles at 100 and this transaction is completed (thus no more trade can be made). If the price does not reach the strike price before expiry, it settles at 0.

2. Price fluctuation

(1) Standard Option CFD

A price of Standard Option CFD (both call and put) consists of an intrinsic value and a time value. The intrinsic value is a difference between the price of a relevant underlying asset and the strike price. For a call option, the intrinsic value becomes positive if the underlying asset price exceeds the strike price, and it results in 0 if the underlying asset price falls below the strike price. On the other hand, for a put option, the intrinsic value is positive if the underlying asset price is below the strike price and it becomes 0 in a reverse situation. This is how the intrinsic value is calculated. The time value is a difference between the option price and the intrinsic value, and expectations of a price change during the time the option has left to expiry are reflected in the relevant value. The time value fluctuates according to the time the option has left to expiry, the volatility and the short-term interest rate of the underlying asset. If the time left to the expiry is longer, the volatility of the underlying asset is higher, or the short-term interest rate becomes lower (shouldn't the interest rate be higher), then the relevant time increases.

(2) Binary Option (Ladder)

A price of Binary Option (Ladder) represents the possibility that a price of the underlying asset as of a specific point in time surpasses a strike price. The higher a price of the relevant underlying asset becomes the more a price of Binary Option (Ladder) increases. As the expiry time approaches, the price of an instrument of which strike price and price of the underlying asset are diverging comes closer to 0 or 100 with less and less fluctuations, while that of an instrument of which strike price and price of the underlying asset are adjacent fluctuates more and more drastically.

(3) Binary Option (OneTouch)

A price of Binary Option (OneTouch) represents the possibility that a price of the underlying asset reaches a strike price by a specific point in time. If a price of the relevant underlying asset comes closer to a strike price or the volatility of the underlying asset becomes higher, then a price of Binary Option (OneTouch) increases. As the expiry time approaches, the price of an instrument of which strike price and price of the underlying asset are diverging comes closer to 0 with less and less fluctuations, while that of an instrument of which strike price and price of the underlying asset are adjacent fluctuates more and more drastically.

3. How to order Option CFD

Only Market Order is accepted with Option CFDs and no limit order or stop order are available. In addition, with Binary Option (OneTouch) you can not place any order after a price of the relevant underlying asset hits a strike price.

4. Settlement of Option CFD at expiry

Each Option CFD transaction has its fixed expiry. At the expiry we will automatically make offsetting transactions for your open positions, and consequently the relevant profit/loss amount will be reflected in your Margin Balance.

5. Settlement of Option CFD by reversing transaction

With Option CFD, you can settle your open positions by making reversing transactions before the expiry and the relevant trading profit/loss amount will be reflected in your Margin Balance.

6. Maximum loss of Option CFD

(1) Standard Option CFD

A maximum potential loss of Standard Option CFD differs according to position types (buy/sell). Regardless of option types (put/call), if you buy a Standard Option CFD, the maximum potential loss shall be calculated by multiplying the buying price by the number of lot(s) and multiplying it by the profit/loss amount per lot per point, For a sell position the maximum potential loss is notionally unlimited, however, we will exercise Forced Settlement as the relevant loss expands.

(2) Binary Option (Ladder/OneTouch)

The maximum potential loss of Binary Option (Ladder/OneTouch) shall be calculated by multiplying the buying price by the number of lot(s) and multiplying it by the profit/loss amount per lot per point, if it is a buy position. , For a sell position, the maximum potential loss shall be calculated by deducting the selling price from 100, multiplying it by the number of lot(s) you sell and further multiplying it by the profit/loss amount per lot per point.

7. Margin requirement of Option CFDs

(1) Standard Option CFD

Margin requirement to open a buy position of Standard Option CFD is equal to the amount of a maximum potential loss, while margin requirement to open a sell position is equal to the amount of margin requirement of CFD on an underlying asset/

(2) Binary Option (Ladder/OneTouch)

Margin requirement of Binary Option (Ladder/OneTouch) is equal to the amount of a maximum potential loss.

8. Other important matters – Option CFDs may cause you suffer a negative account balance

As our Forced Settlement functions it is unlikely in theory that your account balance goes negative when you trade Option CFDs, provided, however, that there are possible exceptional cases as follows:

- (a) Negative balance caused after Forced Settlement, for a selling position of Standard Option CFD, due to a sudden price fluctuation occurred as a result of a sharp change in the underlying asset price,
- (b) When you trade Option CFDs in a currency other than your base currency, your realized profit or loss will be automatically converted to your base currency using a conversion rate calculated based on our standard rate with a cost adjustment of up to $\pm 0.3\%$. Depending on this rate applied, your loss amount after conversion may exceed your account balance causing it turn to negative.
- (c) Although you can make additional transactions using the unrealized profits of open positions of Option CFDs, you may suffer a negative account balance as your loss exceeds your account balance if your Option CFD's position turn from profit to loss making at settlement. .

9. Other important matters n the price displayed in our trading system

In our trading platform, the prices of CFDs on the underlying assets we offered on the previous day are displayed for reference for Option CFDs, however, you should note that our Option CFDs are not set to be settled based on those offered CFD prices.

You are also strongly recommended to reload your browser window and have the most updated information displayed on the screen before starting your trade, as there is a possibility that the information on Option CFDs of the previous day may be showing depending on your browser setting, etc.

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