

Jarvis CFDs



JARVIS

INVESTMENT MANAGEMENT PLC

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What are CFDs?

CFD related trading and hedging is one of the fastest growing areas in the global stock and derivatives markets. Also known as the future of today's stock and derivatives trading, CFDs (Contracts for Difference) have quickly become a popular and preferred product for many retail investors and traders. Similarly, they have long been a popular product for professional and institutional market players.

A CFD is a financial derivative that is traded on margin, enabling investors and traders to participate in the movement of shares and index prices without having the ownership of the underlying asset. It is an agreement between a buyer and a seller to exchange the difference in value of a particular instrument between when the contract is opened and when it is closed. The difference is determined by reference to the 'underlying' price of the instrument – a share or an index. CFDs are leveraged instruments. This means that you are fully exposed to price movements of the underlying instrument without having to pay the full upfront cost of the trade. Leverage, however, involves more risk than a direct investment in the underlying instrument. It is therefore important to understand the inherent risk and to implement an appropriate risk management strategy.

Jarvis offers real-time trading in CFDs via our award-winning platform Jarvis Trader. We offer more than 6,000 CFD instruments on 26 global markets and 16 indices. The combination of a strong product offering, powerful trading tools and a high service level has quickly made Jarvis CFD a competitive choice for all CFD trading requirements.

CFDs enable you to obtain full exposure to a share or index for a fraction of the price of buying the underlying stocks. CFDs require only a small Initial Margin to secure a trade (from 5%). This means that, for example, a deposit of £1,000 will enable you to leverage your investment up to £20,000.

The ability to go both 'long' and 'short' allow traders and investors to take advantage of both bull and bear markets. This means that traders can profit when prices are going down, not just up. CFDs are, thus, an excellent trading tool whatever the market conditions. CFDs do not have an expiry. They are perpetual in nature, a continuous instrument. The only way to close a position is to trade the opposite side of the position. So, CFDs are more flexible than other derivatives and are an easy product to learn for traders and investors who trade traditional physical shares.

When trading CFDs, it is important to remember that all positions held overnight are subject to financing charges. These cover the costs of financing the total trade value and are calculated daily. For long positions, clients will pay a daily financing charge, whilst short positions will receive a daily financing charge.



Why Trade CFDs with Jarvis?

Margin Trading

CFDs are a leveraged product, which means that you are only required to deposit a fraction of the total value of the trade. Typically, margins with Jarvis vary between 5% and 10%. Margin means you can increase the returns on your upfront investment. However, it is important to remember that you also wear the losses too.

Low Commissions and Spreads

Jarvis charges a low spread or commission charge on equity CFDs. Trading our CFD indices is commission free. Please check our Rates Schedule for current charges.

Access to Global Markets

Jarvis offers 3 ways to view and trade on your account. Jarvis offers real-time trading in CFDs via our award-winning platform Jarvis Trader, on our real-time webtrader platform giving you access to the market wherever you are in the world, and through your mobile phone through our Mobile Trader technology. We offer more than 6,000 CFD instruments on 26 global markets and 16 indices. The strong product offering offers traders and investors the opportunity to trade 24 hours across many time zones and markets.

Going long or short with CFDs

The ability to go both 'long' and 'short' allows traders and investors to take advantage of both bull and bear markets. This means that traders can profit when prices are going down, not just up. CFDs are, thus, an excellent trading tool. To go 'Long' means you buy a CFD just as you would buy a number of shares. To go 'short' means you sell a CFD you do not actually own. Therefore you open a short CFD position.

Earn Dividends

Holders of long CFD positions will, when dividends are paid on the underlying share, qualify for a proportional payout. Holders of short CFD positions will have to pay an amount equal to the full (gross) dividend paid on the underlying share. When any underlying stock that is part of an Index CFD goes ex-dividend, the Index CFD price will be adjusted to reflect this dividend. The weighted proportion of the applicable dividend within the Index will be credited to the Client's account for long positions and debited for short.



An Example of a CFD Trade

The best way to demonstrate how a CFD works is to look at some key examples:

Share CFD Example: Long Trade

A long trade is a position that is opened with a buy in the expectation that the share price will rise.

Vodafone is currently trading 118.4 – 118.5

Investor A believes that Vodafone is going to rise and places a trade to buy 10000 shares as a CFD at 118.5. The total value of the contract would be £11850 but they would only need to make an initial 10% deposit (initial margin) £1185.

The commission on the trade is £17.78 ($£11850 \times 0.15\%$) and because they are buying a CFD there is no stamp duty to pay.

A week later *Investor A's* prediction was correct and Vodafone rise to 124.9 – 125.0 and they decide to close there position. By selling 10,000 Vodafone CFDs at 124.9p. The commission on the trade is £18.74 ($£12490 * 0.15\%$).

The profit on the trade is calculated as follows:

Opening Level	118.5p
Closing Level	124.9p
Difference	6.4p
Profit on trade, (6.4p x 10,000)	£640.00

Overall Profit

To calculate the overall profit you must take into account the commission and financing charges on the deal, remember with a "Short" sell the financing charge is credited to the holder.

Profit On Trade	£640.00
Commission	-£36.52
Financing Charge	-£9.80
Overall Profit On the Trade	£593.68

Share CFD Example: Short Trade

A short trade is a position that is opened with a sell transaction in the expectation that the share price will fall.

Barclays is currently trading at 322 – 322.5

Investor B believes that Barclays is over valued and is going to fall and places a trade to SELL 5000 shares as a CFD at 322p. The total value of the contract would be £16,100. Even though they are selling short, they would only need to make an initial 10% deposit (initial margin) £1610. The commission on the trade would be £24.15 (£16,100 x 0.15%)

A week later *Investor B's* prediction was correct and Barclays falls to 301 – 301.5 and they decide to close there position. By Buying 5000 Barclays CFDs at 301.5p, the commission would be £22.62.

The profit on the trade is calculated as follows:

Opening Level	322.5p
Closing Level	301.5p
Difference	21.00p
Profit on trade, (21p x 5,000)	£1050.00

Overall Profit

To calculate the overall profit you must take into account the commission and financing charges on the deal, remember with a "Short" sell the financing charge is credited to the holder.

Profit On Trade	£1050.00
Commission	-£46.77
Financing Charge	£ 3.80
Overall Profit On the Trade	£1007.03

Market Coverage

A full list of market and instrument coverage is available on Jarvis Trader under Trading Conditions in the Account Summary menu.

CFD Markets

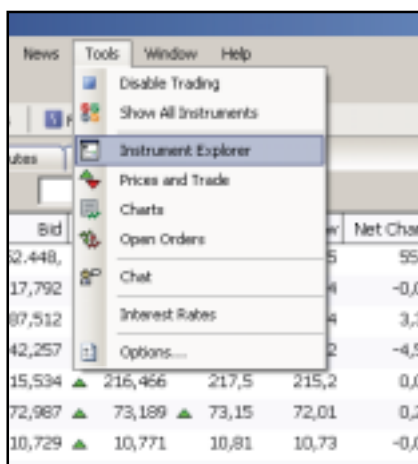
AMERICAS	COUNTRY	Trading Hours (GMT)
American Stock Exchange (AMEX)	USA	13:30 - 20:00
NASDAQ Global Markets (NASDAQ NM)	USA	13:30 - 20:00
NASDAQ Capital Market (NASDAQ SC)	USA	13:30 - 20:00
New York Stock Exchange (NYSE)	USA	13:30 - 20:00
NYSE ARCA (NYSE_ARCA)	USA	13:00 - 21:00
ASIA / PACIFIC	COUNTRY	Trading Hours (GMT)
Australian Stock Exchange Ltd. (ASX)	Australia	23:00 - 05:12
Tokyo Stock Exchange (TYO)	Japan	00:00 - 06:00
Singapore Exchange Securities Trading Limited (SGX-ST)	Singapore	01:00 - 09:06
EUROPE	COUNTRY	Trading Hours (GMT)
Frankfurt / Xetra Stock Exchange (FSE)	Germany	08:00 - 16:35
London Stock Exchange (LSE)	United Kingdom	08:00 - 16:30
Athens Stock Exchange (AT)	Greece	08:30 - 14:40
Euronext Amsterdam (AMS)	Netherlands	08:00 - 16:35
Euronext Brussels (BRU)	Belgium	08:00 - 16:35
Euronext Lisbon (LISB)	Portugal	08:00 - 16:35
Euronext Paris (PAR)	France	08:00 - 16:35
Milano Stock Exchange (MIL)	Italy	08:05 - 16:31
OMX Copenhagen (CSE)	Denmark	08:00 - 16:00
OMX Helsinki (HSE)	Finland	08:00 - 16:30
OMX Stockholm (SSE)	Sweden	08:00 - 16:30
Oslo Stock Exchange (OSE)	Norway	08:00 - 15:20
Sistema De Interconexion Bursatil Espanol (SIBE)	Spain	08:00 - 16:35
Swiss Exchange (SWX)	Switzerland	08:00 - 16:30
SWX Europe (formerly Virt-X) (VX)	Switzerland	08:00 - 16:30
Warsaw Stock Exchange (WSE)	Poland	08:30 - 15:10
Wiener Börse (Vienna) Stock Exchange (VIE)	Austria	08:21 - 16:30

CFD Index Trackers

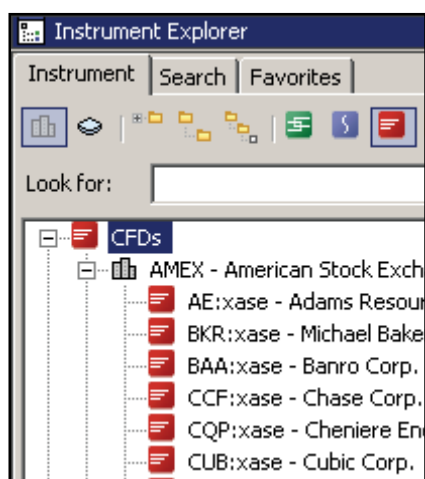
Americas	Index	Ticker Code	Trading Hours (LOCAL)
USA	Dow Jones Industrial Average	DJI.I	03:00 to 16:00
USA	NASDAQ 100 Stock Index	NAS100.I	03:00 to 16:00
USA	S & P 500 Index	SP500.I	03:00 to 16:00
Europe	Index	Ticker Code	Trading Hours (LOCAL)
Denmark	Denmark Top 20	DEN20.I	09:10 to 16:45
Europe	Dow Jones Euro STOXX 50 Index	STOXX50E.I	09:01 to 21:55
France	CAC 40 Index	CAC40.I	09:01 to 19:55
Germany	DAX@30 Performance Index	DAX.I	09:01 to 21:55
Germany	MDAX® Index	MDAX.I.	09:10 to 17:30
Holland	AEX 25 Index	AEX.I	09:01 to 17:30
Italy	S&P / MIB 40	SPMIB.I	09:10 to 17:25
Spain	IBEX 35	IBEX35.I	09:01 to 17:30
Sweden	Sweden Top 30	SWE30.I	09:10 to 17:20
Switzerland	Swiss Market Index	SMI.I	09:10 to 17:20
United Kingdom	FTSE 100 Index	FTSE100.I	08:01 to 17:25
Asia / Pacific	Index	Ticker Code	Trading Hours (LOCAL)
Australia	ASX S&P 200 Index	ASX200.I	10:10 to 16:00
Japan	Japan 225 Index	NI225.	09:00 to 15:00

How to Trade CFDs through our Platform – Jarvis Trader

Markets can go up as well as down, but with CFDs you can potentially profit from any market condition as you can go long (buy) or go short (sell) with a CFD. In this example, we buy 100 Google CFDs as we expect the share to move up in the near future. Selling CFDs is just as easy but you would have to look at the Bid price instead of the Ask price. First of all, you need to find the instrument via the Instrument Explorer as shown below or via the search function in the trade module. The next step is to open the trading module and enter your order. There are a number of order types, which are described further in this brochure. You can trade directly on the current market price (market order) as seen in this example.

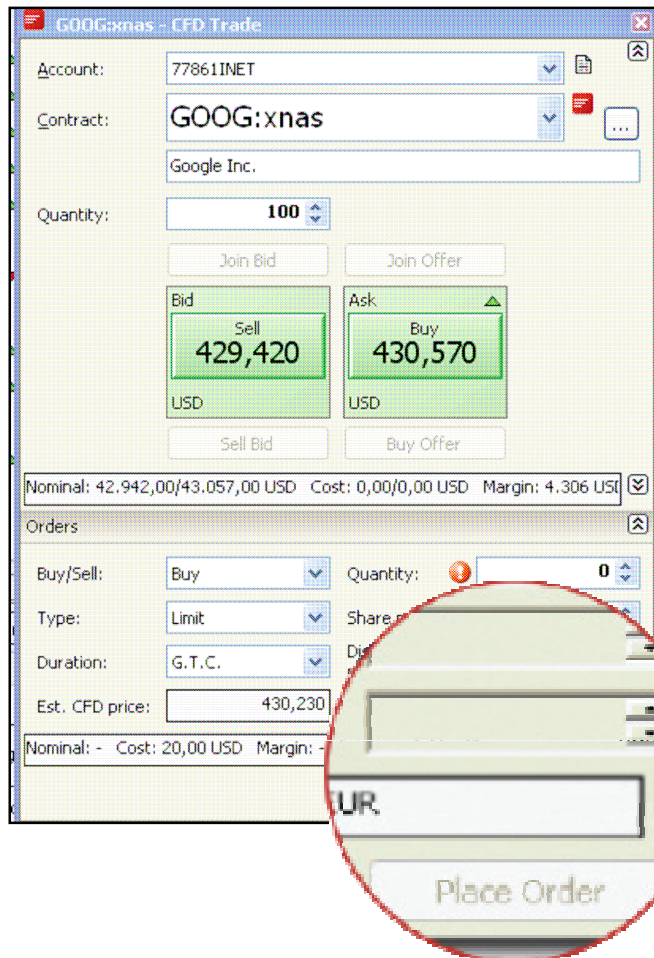


1. Open Instrument Explorer by clicking Tools > Instrument Explorer



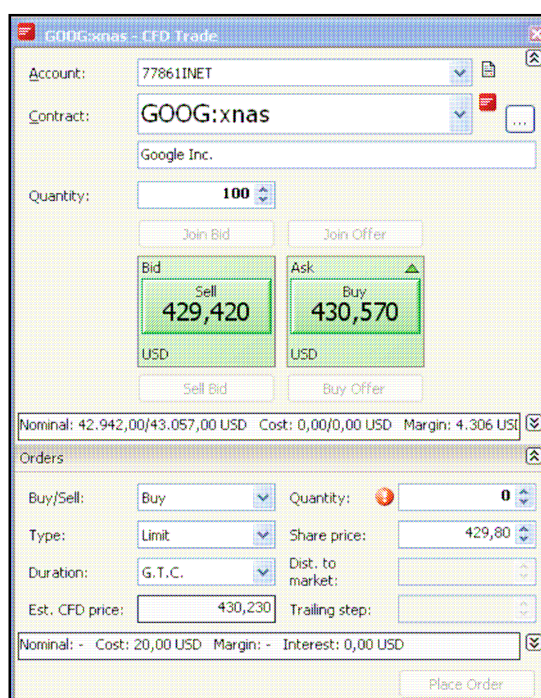
2. Enter the exchange you are looking for in the field and it will appear in the box below. Once you find an instrument in the Instrument Explorer, you can also just right click on the instrument and open the trade module from there. The module will then automatically have the instrument name. So you do not have to first find the instrument and then write the symbol or instrument name in the trade module.

How to Trade CFDs through our Platform – Jarvis Trader



3. Now open the window to trade CFDs. In the “Contract” field, type the name of the CFD you want to buy. Alternatively, you can left-click on the CFD name on the Instrument Explorer, hold the click and drag the product into the Contract field. Insert the amount in the “Quantity” field.

Press on the arrows to expand the window even more.



4. For 100 CFDs of the company Google, we can see the following details:

How to Trade CFDs through our Platform – Jarvis Trader

Cost: The extra costs for a certain trade.

Nominal Value: The total value of the trade: 100 CFDs * 430.57 = 43,057 Euro.

Interest Received: If you are short in a CFD you will receive interest on a daily basis.

Interest paid: If you are long in a CFD, you are going to pay interest on daily basis (if you close your position within the same day, no interest is paid out or received).

Value Date: The date on which the trade is executed.

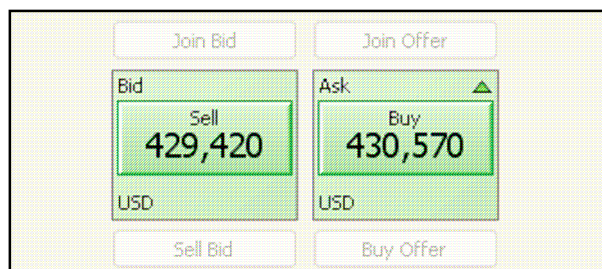
Margin: The amount of equity required for an investment as a percentage of the current value. When trading on margin, you need only deposit a fraction of the current value of the instrument you are investing in.

Green price: Green price fields indicate that the price is tradable.

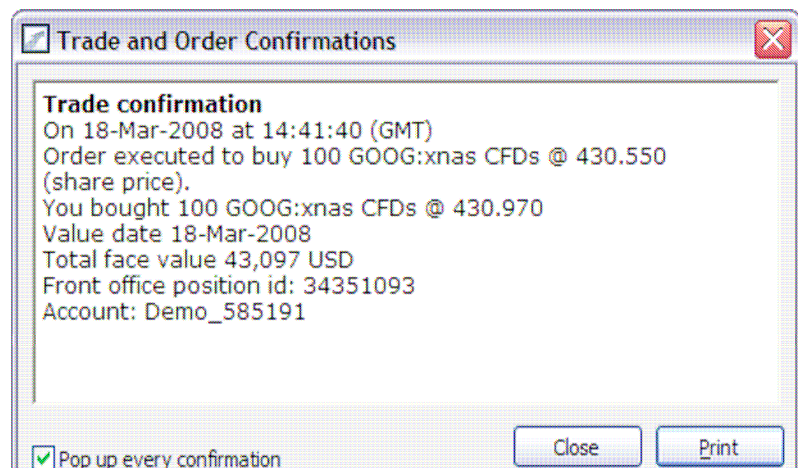
Yellow price: Yellow price fields indicate the current market price for the amount selected.

Purple price: Purple price fields indicate that a current market price cannot be displayed, for example, because the market is closed. Press the trade buttons to participate in the order book or auction.

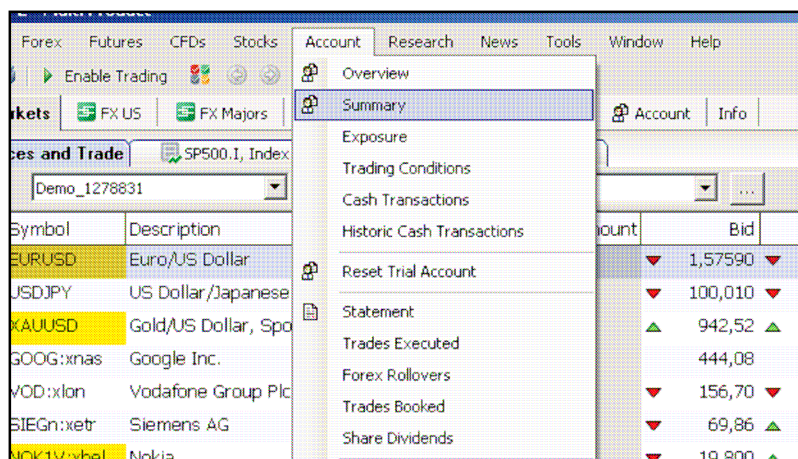
5. Click accordingly to buy or sell.



6. A window will appear with a trade confirmation once the trade is executed.



7. Once the trade is executed, you can see your position in the Account Summary.



How to Trade CFDs through our Platform – Jarvis Trader

Account: Demo_881311 Client: 881311 - Karin Thiele





Currency: USD

Monday, 07. März 2009 19:06:00 GMT

Cash and Positions Summary		Margin Summary	
	USD		USD
Non-margin positions	0,00	Account value	98.573,40
Unrealised margin profit/loss	-1.426,60	Other collateral	0,00
Cost to close	0,00	Not available as margin collateral	0,00
Unrealised value of positions	-1.426,60	Used for margin requirements	-35.547,00
Cash Balance	100.000,00	Available for Margin Trading	63.026,20
Transactions not booked	0,00	Net Exposure	355.472,00
Account value	98.573,40	Exposure Coverage	27,7%
		Margin Utilisation	36%

Instrument	Account	L/S	Amount	Open Price	Current Price	Profit/Loss	Profit/Loss in USD	% Price
CFD								
Google Inc.		Long	800	446,1233	446,340	-1.427 USD	-1.427	-0.40%
GOOGxmas	Demo_881311	Bought	100	446,636	446,340	-290 USD	-290	-0.51%
GOOGxmas	Demo_881311	Bought	100	446,125	446,340	-179 USD	-179	-0.40%
GOOGxmas	Demo_881311	Bought	100	446,195	446,340	-186 USD	-186	-0.42%
GOOGxmas	Demo_881311	Bought	500	446,006	446,340	-833 USD	-833	-0.37%

Important: You can link orders to your open position directly from your Account Summary

- 
Close position
If possible this will launch the trade module with the necessary trade to close the position.
- 
Place a Take Profit (limit) order for the position
If practicable possible this will launch the trade module with the necessary trade order set up to close the position if the market hits or breaches a defined price level.
- 
Place a Stop Loss order for the position
This will if practically possible launch the trade module with the necessary trade order set up to close the position if the market moves against your position and hits or breaches a defined price level.
- 
Trade or Close all positions In the given instrument.
Opens new positions or closes them all for the selected instrument.

Prices and trade modules

The Prices and Trade module allows you to build your own instrument list. The module can be found under the Tools menu on Jarvis Trader. This will give a complete overview of the instruments available for you to monitor and trade. You can build as many instrument lists as you want. To add instruments, simply use the instrument search function in the module. Within the Instrument Explorer you can highlight a number of instruments and insert them into the module with one move.

Account: Demo_664032

New instrument:

	Symbol	Amount	Trade	Bid	Ask
	MSFT:xnas		<input type="checkbox"/>	29,101	29,209
	GOOG:xnas		<input type="checkbox"/>	464,695	466,625
	DBKGn:xetr		<input type="checkbox"/>	75,125	75,285
	VOD:xlon		<input type="checkbox"/>	159,540	159,960
	C6L:xses		<input type="checkbox"/>	16,5270	16,5930
	DAX.I		<input type="checkbox"/>	6.756,5	6.759,5
	FTSE100.I		<input type="checkbox"/>	5.917,5	5.920,5

Order types

Market Order

Market orders are used to buy or sell an instrument as soon as possible at the price obtainable in the market. It is the client's responsibility to continuously ensure that sufficient margin is available on the account at any time.

Limit Order

Limit orders are commonly used to enter a market and to close positions to take profit at predefined levels. Limit orders are used to buy/sell an instrument when the price falls/rises to a specified level (buy below the current price or sell above the current price).

Limit orders to buy are placed below the current market price and are executed when the Ask price hits or breaches the price level specified. Limit orders to sell placed above the current market price and are executed when the Bid price breaches the price level specified. When a limit order is triggered, it becomes a market order and is filled as soon as possible at the price obtainable.

Stop/Stop Loss Order

Stop/Stop Loss orders are commonly used to close positions to limit losses and can also be used as take profit orders (trailing stops) and to enter the market.

Stop orders are used to buy/sell an instrument when the price rises/falls to a specified level (buy above the current price or sell below the current price):

Stop/Stop Loss orders to sell are placed below the current market level and are executed when the Bid price hits or breaches the price level specified.

Stop/Stop Loss orders to buy are placed above the current market level and are executed when the Ask price hits or breaches the price level specified.

Stop/Stop Loss orders: When a stop order is triggered, it becomes a market order and is filled as soon as possible at the price obtainable on the market.

Note: The fill price may differ from the trigger price.

3-way Contingent Orders

3-way related orders give the investor the opportunity to combine 3 different orders with each other. 3-way related orders are contingent trade orders where two slave orders are placed on an "If Done" basis to buy or sell, once the primary order has been executed. The two slave orders are themselves related as OCO orders allowing you to define both where to take profit and when to close the position.

Good Till Cancelled (GTC)

An order duration where the order will be valid until it is either manually cancelled or conditions have been met.

O.C.O. Order

A related order type that consists of two working orders. If either of the orders is executed because its market conditions have been met, the related order is automatically cancelled.

If Done Order

A related order type that consists of two orders - the primary working order that will be executed as soon as market conditions allow it, and the secondary non-working order that will effectively become a market order only if the first order is executed.

Day Order (DO)

The order is valid until the end of the day. If the order is not filled before this, it is automatically cancelled.

Jarvis Investment Management CFD Risk Warning Notice

This notice is designed to explain in general terms the nature of and risks particular to Margined Trading to help you to take investment decisions on an informed basis. However, please note that this notice cannot and does not explain all the risks. Margined Trading carries a higher risk of loss than trading many traditional instruments. For many members of the public these transactions are not suitable. You should not engage in Margined Trading unless you know and understand the features and risks of the Margined Trading you wish to carry on and are also satisfied that Margined Trading is suitable for you in light of your circumstances and financial resources. In considering whether to engage in Margined Trading, you should be aware of the following:

Risks and Leverage

- A high degree of “gearing” or “leverage” is associated with Margined Trading. This stems from the margining system applicable to Margined Trades, which generally involves a comparatively modest deposit of the overall contract value to open a Margined Trade. This can work for you and against you. A small price movement in your favour can result in a high return on the money placed on deposit; however, a small price movement against you may result in substantial losses, possibly more than the money placed on deposit. Prices can move quickly.
- You may be called upon to deposit substantial additional margin, at short notice, to maintain your Margined Trades. If you do not do so within the time required, your Margined Trades may be closed at a loss and you will be liable for that loss.

Nature of Margined Trades

- Our terms and conditions explain in detail how Margined Trades operate; see our Margin Security, Payments and Delivery; and Margin Trades sections.
- A Margined Trade is a bet/trade on price movements. Whether you make a profit or loss will depend on the prices we set and fluctuations in the underlying financial instrument (“Underlying”) to which your Margined Trade relates.
- Margined Trades can only be settled in cash.
- Margined Trades are legally enforceable.
- In certain circumstances your losses on a Margined Trade may be unlimited. For instance, if you short a market and the price rises, it is impossible to know the limit of your potential losses until you end the Margined Trade. You must ensure that you understand the potential consequences of any particular Margined Trade and be prepared to accept that degree of risk.
- Margin Trades are not executed on a recognised or designated investment exchange. If you open a Margined Trade with us, you have to close it with us.
- You will not acquire the Underlying nor any rights or delivery obligations in relation to the Underlying.
- Margined Trades that settle in a currency other than your base currency may be affected by the conversion of any profit or loss into your base currency.

Volatility

As mentioned above, whether you make a profit or a loss will depend on fluctuations in the price of the Underlying market to which your Margined Trade relates. Neither you nor we will have any control over movements in the Underlying market. Movements in the Underlying market can be volatile and unpredictable.

Movement of the Underlying market may affect your ability to close a Margined Trade, making it difficult or impossible to close a Margined Trade. This may occur, for example, if the Underlying market is suspended or restricted from trading on an exchange.

General

If you deposit collateral with us, we will agree with you separately how that will be dealt with. The Client Asset Rules of the FSA will apply to your money unless we have entered into a separate agreement with you to the effect that the Client Asset Rules do not apply. To be an eligible claimant under the rules of the Financial Services Authority, you will be covered by the Financial Services Compensation Scheme to a maximum of £50,000 in cash holdings or £48,000 in equity (claimants would receive the first £30,000.00 in full and 90% of the balance – a total of £48,000.00 or £50,000 accordingly). If there is anything you do not understand, or you require clarification on any matter, please contact our Derivatives Trading Desk on 0870 2241116.

Jarvis CFD's is a trading name of Jarvis Investment Management (No:116413), 78 Mount Ephraim, Royal Tunbridge Wells, Kent, TN4 8BS. For the purposes of Margined Trading the contract is between you and Jarvis Investment Management and your Account is with Jarvis Investment Management. Jarvis Investment Management are authorised and regulated by the Financial Services Authority and are entered on the Financial Services Authority's register under number 116413.