ÜNLÜ Menkul

RISK NOTIFICATION FORM IN RELATION TO TRADING OF OVERSEAS DERIVATIVES AND LEVERAGED TRANSACTIONS

IMPORTANT INFORMATION:

As a result of Trading of Overseas Derivatives and Leveraged transactions, you may obtain profit and also you have the risk of making loss. Therefore, before deciding to carry out a transaction, you should understand the risks you may encounter within the scope of these transactions and decide by taking into consideration your financial situation and restrictions.

For this purpose, you should understand the following situations included in this Risk Notification Form in relation to Trading of Leveraged Transactions in addition to the points included in "the Investment Services and Activities General Risk Notification Form" as provided for in Article 25 of Communiqué No. III-39.1 on "Principles of Establishment and Activities of Investment Firms" published by the Capital Markets Board.

WARNING

Offering trading of leveraged transactions is subject to the authorization to be issued by the Capital Markets Board. Therefore, before starting to carry out a transaction, please control whether the institution with which you consider to work has the proper authorization in relation to capital market transactions you want to carry out. You may learn about the firms that have authorization to carry out leveraged transactions by visiting the website www.spk.gov.tr or www.tspb.org.tr.

RISK NOTIFICATION AND IMPORTANT DEFINITIONS

In addition to the points referred to in "the Framework Agreement" to be signed with the authorized institution with which you are to carry out transaction, it is of prime importance that you should understand the following points:

1. For the account you will open with the authorized institution and all the transactions to be realized over such account, the provisions of all the relevant legislations issued by Capital Markets Board and all similar administrative regulations shall apply.
2. Trading of Overseas Derivatives and Leveraged transactions are very risky. One should, due to leverage effect, take into consideration the likelihood that carrying out transaction with low margin may operate favorably or against in the market and, in this sense, the leverage effect may provide high earnings or cause high losses for you. As a result of adverse price movements, you may lose all the money you have deposited. Do not consider the promises of high yield.
3. You should take into consideration that the information to be transmitted and the advices to be delivered to you by authorized institution in relation to transactions you will carry out in the market may be incomplete and need to be confirmed.
4. One should, in relation to trading of Overseas Derivatives and Leveraged transactions, take into consideration that the technical and basic analysis to be made by authorized person of the authorized institution may differ by person and there is the likelihood that the foresights in such analyses do not take place.
5. In terms of transactions carried out in foreign exchanges, one should know that, in addition to the risks listed above, there is the currency risk, and that there may be devaluation on Turkish Lira basis due to the fluctuations in foreign currency rates, and that the government may restrict the foreign capital and trading movements and/or introduce new taxes and that trading transactions may not take place on a timely basis.
6. In trading of Overseas Derivative and Leveraged transactions, the cross rates and "spreads" offered to you may not reflect the best price condition. It would be advisable for you to control the prices of other institutions as well.
7. Before commencing your transactions, you should obtain confirmation from your authorized institution on all commissions and other transaction charges you will be liable to pay. If charges have not been denominated monetarily, you should request a written explanation containing understandable sample cases on how the fees are to reflect on you monetarily.
8. As a result of trading of leveraged transactions carried out by authorized institutions, you should take into consideration that you are not to be given the guarantee that you shall not incur loss, your loss shall be kept under control or, in case you incur loss, additional margin call shall be made.

This Risk Notification Form in relation to Trading of Leveraged Transactions intends to inform the investor of the existing risks generally and may not comprise all the risks that may arise from the trading of leveraged transactions and the practice. Therefore, before orientating your savings to these kinds of investments, you should make a thorough and careful search about them.

9. Trading of Leveraged transactions comprise liquidity and market risks by its nature.
10. The leverage rates may differ among the products.
11. For every futures contract for which you will open an account with the Intermediary Firm to take position in overseas leveraged instruments and by which you will carry out trading transactions in the market from the account to which you will deposit margin, it is required to deposit an initial margin in the amount as may be determined by the Intermediary institution or Overseas Exchange.
12. It is possible to carry out the trading of Overseas Derivatives and Leveraged transactions with equity in low amount; however, when taking into consideration the leverage rates over-the-counter derivative instruments have, also the guarantees received under certain may not be at the level to cover partially the monetary amount necessary for the finalization of the transaction.
13. There are many forms of the operations and, before putting you under any commitment, you should have the necessary information on the appropriateness of the option contract with your investment needs and the risks borne by being a party to these kinds of contracts.
14. If you buy an option contract, in case you fail to exercise your option , it is possible for you to limit your risk to the option premium and the commission you are going to pay in addition to this, and, if any, the stock exchange charges.

15. If you sell an option, you assume the unlimited potential risk of loss that may exceed the premium payment you obtain by selling option in a relatively reverse market movement. When you are requested to fulfill the option, you do not have any control authorization on the same. Therefore, only those experienced persons having high capital should attempt to sell option.

16. As over-the-counter derivatives transactions have been structured to meet different and certain needs between parties and the parties to the transactions have different characteristics, these transactions may hold certain specific risk elements that cannot be determined initially. Within this scope, it is recommended that the parties receive professional assistance on subjects of the appropriateness of over-the-counter derivative instrument agreements by them to carry out transactions with their specific needs, and the enforceability of the legal sanctions, etc.

17. Overseas over-the-counter transactions are carried out between parties. Therefore, it is recommended that one assess the capacity as to whether the counter party of the transaction shall fulfill its obligation resulting from the transaction. Agreements may be made in relation to the netting and settlement of the transactions within the scope of over-the-counter market. However, the existence of these kinds of agreements does not provide the client with any guarantee or hedging at the stage of finalization of the transactions.

18. Due to the fact that overseas over-the-counter derivatives transactions have been structured according to personal needs and the agreements contain restrictions in relation to finalization of the transactions or transfer thereof to another party, it may not be possible to liquidate any over-the-counter derivatives transaction even if it contains an order with stop-out of loss at the initial price of the transaction or over any price. The price quotations in relation to the overseas over-the-counter derivatives itransactions are obtained from overseas intermediary firms and offered to clients.

19. The stock exchanges at which overseas derivatives transactions are traded are, in case of existence of certain conditions in their legislation, authorized to determine the maturity dates of the futures and option contracts and change the maturity dates determined and liquidate the positions. On the maturity date, your open position in the relevant product closes automatically and, if any, your orders pending are deleted. In the new maturity, position is not opened automatically on your account / order is not entered. You should pay attention to the maturity dates of the contracts by which you are going to carry out transaction.

20. The margins and client assets required to be made available for overseas derivatives transactions are withheld with the institution or organizations that are authorized and/or relevant overseas Exchange Clearing House in accordance with the contracts concluded between the Intermediary Institution and overseas broker agent.

21. The entry of order on the Electronic Transaction Platform on which the transactions are carried out may be realized by INVESTOR by choosing the new order entry option and entering the necessary parameters (choosing active or passive order, amount of transaction, and monetary unit) or with one click / one touch. When the INVESTORS whose One Click/One Touch order transmission tab (One Click Trading) is open press the key, their transactions take place at the price that is active at that moment due to the fact that they send order with market price. As these kinds of orders shall take place forthwith when buy/sell button is pressed, there may be active price difference between the price at the moment at which you see and at the moment of pressing the button. This condition may be in favor of you or against you. Realizing this condition, you should make active order giving decision according to this.

22. The orders with stop- loss (conditional sale, conditional buying or stop the loss) may take place at a price against the INVESTOR in place of a limit price determined by INVESTOR on Electronic Transaction Platform. One should take into consideration that these kinds of orders may take place at the then current market price in spread opening and/or price gaps that may occur due to the decrease in liquidity at times at which important news and data flow take place in market opening.

23. Your open transactions when markets close on Friday evening may cause you to incur loss by opening with a negative value due to the sudden price changes (GAPS) when the market reopens on Sunday.

24. In cases where the difference between buy and sell (spread) is opened, one should know that the margin you have deposited may become insufficient and your positions shall be able to be liquidated by coming to the stop out level (be able to be closed by the system) even if you have taken the reverse position of the positions in your portfolio. Open positions are not closed by reverse transactions as applied in other markets. Taking reverse position does normally help you postpone the need for completion of the margin temporarily. However, this situation should not be considered to be a permanent remedy for sustainability of your transactions.

25. Taking into consideration that connection problem may be encountered in transactions carried out over mobile transaction platforms such as IPhone, ipad, android, etc. and other electronic transaction platforms; it is your responsibility to control whether these transactions have reflected on the Electronic Transaction Platform.

26. One should know that the orders transmitted on Electronic Transaction Platform may not take place at prices requested due to the harsh price movements that may come into existence in the market, and especially in periods during which the liquidity is low in the market, there may be variation in transaction prices due to the volatility to be able to occur at opening and closing hours of the markets, on days and at hours when domestic/overseas markets are on holiday, at moments at which important news and data flow take place in the market or when significant development is experienced within the day and that such variation may be in favor of you or against you.

Commissions, Fees and Tax Amounts / Rates

No commission per transaction is being charged when Leveraged Buying and Selling transactions (including Contract for Differences "CFD" or difference contract) are carriedout at ÜNLÜ Menkul Değerler A.Ş.,. For investor, there is not any additional cost other than the spread, being the difference between buy and sell quotations, namely, spread rate determined for the requested pair of foreign currencies or product in which transaction is to be requested to be carried out and the swap figure to reflect on the account as cost or gain for positions carried every other day.

ÜNLÜ Menkul Değerler A.Ş. reserves the right to apply commission/charge by giving prior notice therefore.

You may have access to the detailed information in relation to taxation of securities income using the following link:
https://www.unlumenkul.com/yasal-duyurular.html

Secondary Market

There is the secondary market of overseas derivatives transactions realized in organized markets and stock exchanges.

There is no secondary market for the products which are subject of the overseas over-the-counter derivatives transactions and leveraged transactions.

Risk Profile

Forex transactions are the positions opened as a result of transactions carried out in buy or sell direction and are not under the guarantee of any settlement organization. Therefore, they are different from the transactions for which exchange takes place and carried out under the guarantee of the settlement organization. For this reason, the buys carried out in over-the-counter markets depend on the undertaking of the counter party. In the event that the counter party does not realize the portion of the transaction on its part, both the payment made for the position and the profit of the transaction are lost. In order to eliminate this risk, ÜNLÜ Menkul Değerler A.Ş. works with the leading liquidity providers around the world, audited by relevant country authorities and listed at the stock exchanges.

Forex market is a market with high liquidity, which gathers online many markets separately. With the increasing number of its participants and transactions' volumes day by day, it has become an attractive money market. As the transactions of the products which are the subject of transaction in the market take place throughout the world in general, the deep liquidity in forex markets increases the probability that transaction is carried out over every price in the market.

The price quotations offered to investor fluently are produced by the liquidity providers of ÜNLÜ Menkul Değerler A.Ş., consisting of the largest global banks of the world and leaders of the foreign exchange market, and reflected on the platforms instantly. However, the liquidity has variable spread and may vary according to the volatility of the market. Especially, decline may be observed depending on the market conditions in terms of closing on Friday, opening on Sunday and holidays.

Leveraged transaction is highly risky and investors should, before carrying out any transaction, read and understand the risk notifications thoroughly. Leveraged trading brings high risk and yield with it. When one moves in the same direction as the market, high yield is obtained and, in the opposite condition, high losses may be caused. Carrying out leveraged transaction may not be suitable for every investor.

In terms of transactions carried out in foreign exchanges, one should know that, in addition to the risks listed above, there is the currency risk, and that there may be devaluation on Turkish Lira basis due to the fluctuations in foreign currency rates, and that the government may restrict the foreign capital and trading movements and/or introduce new taxes and that trading transactions may not take place on a timely basis.

The price quotations offered to investor fluently are produced by the liquidity providers of ÜNLÜ Menkul Değerler A.Ş., consisting of the largest global banks of the world and leaders of the foreign exchange market, and reflected on the platforms instantly. In order to eliminate this risk, ÜNLÜ Menkul Değerler A.Ş. works with the leading liquidity providers in the world, audited by relevant country authorities and listed at the stock exchanges.

In trading transactions of leveraged assets, the parity prices and "spreads" offered to you may not reflect the best situation.

In relation to trading of leveraged assets' transactions, one should know that ÜNLÜ Menkul Değerler A.Ş. may take the position of counter party against client and, in such a case, the fact that client makes loss by nature of the product or service offered may result in the fact that ÜNLÜ Menkul Değerler A.Ş. obtains profit.

Slippage

The terms 'slippage' means the difference between the expected price of a trading and the price at which such trading takes place in Forex market. ÜNLÜ Menkul Değerler A.Ş. tries to execute the client orders at the requested prices.The orders may not be accepted at the level determined by client due to slippage to be able to arise in prices in situations not foreseeable such as important news and unexpected market movement without dependency on the type of order. Besides, slippage may also occur in situations where the liquidity decreases as 00:00 like the one made by all global market institutions at the end of the day. In circumstances such as data disclosure where volatility is high especially in the market, also your passive orders (buy/sell stop, take profit/stop loss) may not be realized at the price you have requested. Especially in types of order specified above, as your order is triggered when the price level you set is seen, your order shall be carried out at the price existing in the market at that moment. Especially, in GAP formations, your orders may take place at different prices. In such cases, the orders with market price may be carried out by the Intermediary Firm at the closest price. Orders with stop loss (conditional buy, conditional sell or stop loss) may take place at a price against the INVESTOR instead of a limit price determined by INVESTOR on the electronic transaction platform. One should take into consideration that these kinds of orders may take place at the then current market price in spread opening and/or price gaps that may occur due to the decrease in liquidity at times at which important news and data flow take place in market opening.

Liquidity

To be able to be defined as the depth of buy and sell requests in the market, liquidity is in the tendency of being less than the normal until the trading sessions of Tokyo and London markets during the first several hours after the opening of markets. There are fewer buyers and sellers. The market with low liquidity may cause broad price differences. Besides, around 23:59 as all global market institutions make the day end, the liquidity decreases. In time slices when the market is not liquid, investors may face with the difficulties of opening/closing transactions at the prices they want, prolongations in periods of carrying out the transactions and different prices taking place from the one requested.

As with all financial markets, the liquidity of certain products in this market shall be higher than those of others. The liquidity of the relevant product is related to the fact of how much they are demanded. In some products, price may be obtained from a limited number of price providers due to low demand. Due to the risks of the difficulties of opening/closing transactions at the prices they want, elongations in periods of carrying out the transactions and different prices taking place from the one requested, the investors should take into consideration these kinds of points when carrying out transactions in these product pairs.

Expanding spreads

In forex markets, macro-economic data and the statements made may give rise to high volatility on product prices and cause unusual difference between buy and sell prices.

Besides, in market opening at Sunday night or on holidays when overseas markets are on holiday partly (e.g. Easter holiday), the spreads determined by our institution (buy and sell differences) may be opener than normal. Besides, in case an extraordinary development is experienced within the day, spreads may again be open.

In cases where the difference between buyi and sell (spread) is open, one should know that the margin you have deposited may become insufficient and your positions shall be able to be liquidated by coming to the stop out level (may be closed by the system) even if you have taken the reverse position of the positions in your portfolio. Open positions are not closed by reverse transaction as applied in other markets. Taking reverse position does normally help you postpone the need for completion of the margin temporarily. However, this situation should not be considered to be a permanent remedy for sustainability of your transactions.

Swap cost

Carry cost (Swap) is a cost affecting your account negatively (-) or positively (+) and calculated on overnight based on the difference of interest between the pairs of foreign currencies with which you carry out transaction. Swap applications vary. The swap values in long (buy) and short (sell) positions are in the opposite unit type in the relative parity (in the currency on the right side of the parity) for 1 lot. Swap cost is reflected on the investor's account as USD for EURUSD (positive or negative yield is reflected as USD on the platform) and as TRY for EURTRY (positive or negative yield is reflected as TRY on the platform). In products containing monetary units with high interest rates such as TRY, swap costs may be high. In parities and commodities available on electronic transaction platform (except CFD), 3-day swap (overnight) interest is accrued in transition from Saturday night to Thursday.
This is the cost affecting your account negatively (-) or positively (+) and calculated overnight due to dividend payment or swap cost of the CFD product on which you carry out transaction. Swap applications vary. The swap values in long (buy) and short (sell) positions are in the monetary unit of the country in which relevant CFD product is traded for 1 lot. Swap cost is reflected on the investor's account as USD for SPX500 (USA S&P 500 Index) index by being calculated (positive or negative yield is reflected as USD on the platform) and as EUR for GER30 (Germany DAX Index) index by being calculated (positive or negative yield is reflected as USD on the platform). In CFD indexes, 3-day swap is applied for open positions at Friday night. As hedge positions do not mean closing position technical, sway shall continue to accrue. It is recommended that investors that do not intend to bear this cost do not carry overnight position.

GAP

Your open position when markets close at Friday night may cause you to make loss in case it is opened over / below (GAP) the price where markets close at Sunday night. Besides, gaps may occur in prices as a result of an important announcement/news or economic events changing the pricing of the value of relevant product in the market. In order for you not to experience loss because of these kinds of risks, it is recommended that you put your margin level at high level as much as possible prior the market closing or data flows.

Transaction Prices and Graphic Prices

It is important to make segregation between the reference prices shown on graphs and the prices at which transaction may be executed as seen on MT4 platform. The prices seen on graphs /obtained by data providers are the indicative prices formed by various clearing houses/banks and intermediary firms. These prices may not reflect the prices provided by liquidity providers of ÜNLÜ Menkul Değerler A.Ş. Indicative prices are very close to the prices at which transaction may be carried out; however, indicate the prices level at that moment only and they do not guarantee that transaction may be carried out at the relevant prices. As forex transactions are carried out in an over-the-counter market, the price of every institution may be different.

Theprices displayed on electronic transaction platform indicate high and low prices at which sell may be carried out. The price displayed on the graph at that moment is the price at which sale may be realized. If the price is the lowest price within the day seen on the platform or if the price seen on the graph at that moment is 1.2900, your BUY order does not take place at 1.2900. Due to the spread, the price shall be at the level of 1.2900 – 1.2901 at EURUSD. While 1.2900 is the price at which SALE may be realized, the price at which you may BUY is 1.2901. In order for your order to be executed, the level 1.2899-1.2900 should have been seen.

Risks in relation to carrying out transactions over internet
Carrying out transaction over internet has the risks of hardware, software and internet connection failure, but is not limited to these risks.

Monetary units of the developing countries

The liquidity of products containing these monetary units is very low and the prices are quoted by a single liquidity provider or fewer liquidity providers. Although the lack of liquidity is not limited to this, this may give rise to problems such as difficulty in closing the positions, price differences between the transactions taking place with pricing and delays in execution of transactions. Prior to commencing transactions in these products, the probable problems should be taken into consideration. The monetary units of the developing countries include the following, but not limited to USDTRY, USDZAR, USDMXN, and EURTRY…

Delays in execution of orders and pending orders

Due to the problems in internet connection of the client, late arrival by liquidity provider of the execution information, the fact that the market is very active, the liquidity loss in relevant products or such other reasons, there may be delays in execution of orders and the executed price may be different from the one requested.

The prices being frozen on transaction platforms and not to be able to transact

This situation is the condition that price does not come from liquidity providers in certain products. This may occur due to the decrease in the number of liquidity providers quoting price for the relevant product, disconnections or due to an announcement having a dramatic effect on the market.

Market Maker and Issuer Information

There is no market maker and issuer for the products which are the subject of trading of leveraged transactions.

Risk Monitoring

The risk monitoring of forex transactions is carried out automatically by MT4 being electronic transaction platform. Taking into consideration the risk measurement mechanism formed in relation to trading of leveraged transactions and adhoc price changes, the relevant functions of the MetaTrader4 Transaction Platform are used in order to be able to control the risk occurring on client basis, to be able to calculate the necessary margins, and to ensure that clients are warned of the risks coming into existence.

The initial margin is the minimum amount to be requested to be made available on the client's account prior to commencing transactions for a certain product to be executed. Meta Trader closes the positions of clients whose margin rate comes to the level of stop out by making a reverse transaction.

The margin call notifications to be made to clients shall be made automatically as SMS to telephone numbers notified by clients to our company or to their e-mail addresses.

The monitoring of risk/margin situation on client basis is made by investor institution on a daily basis over the platform we are using on basis of the position carried / taken by clients. Regarding the risks that may arise, the information such as the account status, profit and loss situation, cash position and momentary margin position are ensured to be monitored also by clients momentarily.

Margin Call and Closing Position (Stop-Out)

Margin is the minimum guarantee amount required to be made available on your account in order to open a position. This amount varies based on the leverage rate you use, the type of the parity with which you are going to make a transaction and the transaction volume (lot amount). Margin Call is the request by the financial institution of increase of the capital in order for the open positions not to be stopped out (closed) in cases where the investor makes loss. If the loss comes to the stop out level determined previously after failure to comply with this call, the positions are closed automatically starting from the one with highest loss.

As a result of rapid price movements that may occur in the market, your positions may take place at a different level, below the automatic stop out level. For instance, let's consider that there is a margin of USD 1.300 on your account and you have realized buying of 1 lot EURUSD at the level 1.30. When the price reaches the level 1.2935, your balance shall be USD 650 and your margin level shall be 50%. Assuming that a rapid price movement has taken place in the market at the level of 1.2935 and the price has decreased to 1.259 level without formation of a price, your position being in the loss shall be stopped out by 23% as the margin level and as 1.29 at the price level. We would like to state that these kinds of situations may take place in market opening at Sunday night, at times at which important economic data is disclosed and at times at which the liquidity in the market is low.

If you make both long and short transaction in a product in the same amount at the same time, you are said that you have hedged your positions, and profit/loss figure is fixed. However, this transaction does not prevent swap from being processed to your account. The swap amount deducted from or added to your account every night may affect your balance and cause "Margin Call" notice or "Stop Out" being processed. In case an extraordinary circumstance is encountered in the market, your hedge potions may be closed (for instance, 1 lot eurusd buy and 1 lot eurusd sell) due to the spread opening and the fact that amount of your margin becomes insufficient. Since your existing buy positions being open are closed with sales prices and your existing sell positions being open are closed with buy prices, this kind of situation may occur.

In profit/loss calculation of your open positions, your long positions are evaluated with bid prices and your short positions are evaluated with ask prices. At times when the liquidity diminishes, spread rates extend as a requirement of the market, even if your account is fully hedged (the number of long positions is equal to the number of short positions), there is the risk of being stop out. If the price progresses positively, one may move away from the risky area with one single position being stopped out. It is recommended that you control your margin level continually.
This trading of leveraged transactions risk notification form intends to inform the investor of the existing risks generally and may not comprise all the risks that may arise from the trading of leveraged transactions and the practice. Therefore, before orientating your savings to these kinds of investments, you should make a thorough and careful search about them.

Margin Call and Stop Out levels:

Example: Margin call level (Margin Call)= 75%

Account balance<Initial margin*75%

In this case, when your account balance falls below 75% of your margin, this means that you are going the receive margin call by means of the warning display you are going to face.

Stop out margin level= 50%

Account Balance< Initial margin*50%

In this case, when your account balance falls below 50% of your initial margin, your positions shall be stopped out starting from those with highest losses one by one automatically until your margin level reaches 50%.

Money transfers made abroad

Regarding the execution of leveraged transactions, our institution opens a GLOBAL (omnibus) account with a contracted overseas firm and establishes a transaction line and ensures that the client transactions are carried out on such account thanks to which no margin of any client is required to be sent abroad and no counter-country and institution risk is taken for clients. The transaction collaterals/margins deposited to the overseas contracted institution are covered with the own sources of our institution.

Stock Exchanges and Platforms at which transaction is carried out

Our clients shall use the MetaTrader platform in order to execute the trading of leveraged transactions. ÜNLÜ Menkul Değerler A.Ş. deals with the leading liquidity providers in the world, audited by relevant country authorities and listed at the stock exchanges. The transactions are realized at Stock Exchanges and on platforms to which liquidity provider is a member.

Custody

The client margins deposited for transactions are followed up on accounts to be opened on behalf of client with Takasbank independently from assets of our institution. The profit or losses resulting from the client's daily transactions and the positions they bear are deposited to their accounts opened to their names or collected from such accounts.

Information regarding the Counter Party of the Transactions carried out in over-the-counter market

ÜNLÜ Menkul Değerler A.Ş. shall carry out the Portfolio Brokerage activity (including CFD) in trading of leveraged transactions and the counter party of the positions opened by clients shall be ÜNLÜ Menkul Değerler A.Ş. ÜNLÜ Menkul Değerler A.Ş. may transact against the positions of clients for hedging purpose.

Investor Compensation System and the Scope of the Indemnity

In accordance with the rules of the capital market, it is required that investment firms become member to Investor Compensation Center. ÜNLÜ Menkul Değerler A.Ş. is a member to Investor Compensation Center. Regarding the scope of the Investor Compensation Center, you may obtain the detailed information using the following link:

http://www.ytm.gov.tr/yatirimci-bilgilendirme/koruma-kapsam%C4%B1.aspx

Why do we recommend the low leverage?

When a high leverage is used, several transactions with highest loss may cancel many profitable transactions. In order to make it clearer, let's look at the example given below:

Scenario 1: While Investor A carries out buy of 10 lots (1.000.000 units) EUR/USD with the leverage 1:100;

Investor B carries out buy of 1 lot (100.000 units) EUR/USD with the leverage 1:10.

Question: What kinds of changes do take place in account positions of Investor A and Investor B if EUR/USD goes 100 pip reversely in terms of the position taken?

Answer: Investor A loses the entire account and Investor B loses only 10% of its account.

Scenario 1	Investor A	Investor B
Account balance	$10,000	$10,000
Magnitude of the position opened	$1,000,000	$100,000
The margin needed for opening the position	$10,000	$10,000
Leverage used	1: 100	1: 10
Amount lost in movement of 100 pips	$10,000	$1,000
Amount lost as %	100%	10%
Amount remaining as %	0%	90%

Scenario 2: While Investor A carries out buy of 10 lots (1.000.000 units) USD/TL with the leverage: 1:100; Investor B carries out buy of 0.5 mini lot (50.000 units) with the leverage 1:50.
Question: What kinds of changes do take place in account positions of Investor A and Investor B if USD/TL goes 100 pip reversely in terms of the position taken?
Answer: Investor A loses the entire account and Investor B loses only 50% of its account.

Scenario 2	Investor A	Investor B
Account balance	$10,000	$1,000
Magnitude of the position opened	$1,000,000	$50,000
The margin needed for opening the position	$10,000	$1,000
Leverage used	1: 100	1: 50
Amount lost in movement of 100 pips	$10,000	$500
Amount lost as %	100%	50%
Amount remaining as %	0%	50%

In both scenarios, thanks to the use of low leverage, Investor B has prevented a big loss that may arise in spite of the fact that the position it has opened has gone reversely by 100 pips.

Sample calculations

Spread - Margin – Profit/Loss – Margin Call – Stop Out – Swap

Spread is the value of the difference between buy/sell prices in pip. If the buy and sell price quoted for EURUSD at that moment in the market is 1.14485; - 1.14495, our pip value is the 4th digit in the quotation of EURUSD parity. In this case, the spread value in our example is 1pip.
Margin shall be calculated as follows in USD as the margin we need in order to make a transaction of 1 Lot, namely, Euro 100.000 at the parity of EUR/USD with leverage 1:100 and profit/loss:
Price: 1.2000, **Transaction:** Buy (Long Pos.), leverage: 100:1
Magnitude of Position: 100.000 unit *1.2000*1 lot=120.000 USD
Initial margin: 120.000 USD * 0.01(leverage rate)= 1.200 USD
Margin shall be calculated as follows in USD as the margin we need in order to make a transaction of 1 Lot, namely, USD 100.000 at the parity of USD/TRY with leverage 1:100 and profit/loss:
Price: 2.2000, **Transaction:** Buy (Long Pos.), Leverage: 100:1
Magnitude of Position: (100.000 unit *2.2000*1 lot)=220.000 TRY / 100.000USD
Initial margin: 100.000 USD * 0.01(leverage rate)= 1.000 USD

Profit/Loss (Closing Price – Opening Price) x Lot Number x Magnitude of Position
Profit/loss is calculated at all times in opposite currency and converted into USD by the system automatically and may be monitored over the platform.
In cases where we close the EUR/USD position we bought at 1.20 at 1.21 or 1.19, profit/loss shall be as follows:

(1.20-1.21) EUR/USD * 1 * 100,000= 1,000USD **PROFIT**
(1.19-1.20) EUR/USD * 1 * 100,000= 1,000USD **LOSS**
In cases where we close the position we bought at 2.20 at 2.21 or 2.19, profit/loss shall be as follows:
(2.20-2.21) USD/TRY * 1 * 100,000= 1,000TRY **PROFIT**
(2.19-2.20) USD/TRY * 1 * 100,000= 1,000TRY **LOSS**
The TRY profit found in the second example is to be converted into USD over USD/TRY rate and be reflected on the account of client.

Margin Call (Asset on the account / initial margin)

In the first example given above, USD 1200 initial margin is needed to buy 1 lot EUR/USD at 1.20. In the example at which margin call level is determined to be 75%, when the client's assets fall to USD 900 (1200*75%) as a result of evaluations, the lowest line in which the margin levels are indicated on the transaction platform turns red to warn the client.

Stop Out (Asset on the account / initial margin)

In the first example given above, USD 1200 initial margin is needed to buy 1 lot EUR/USD at 1.20. In the example at which stop out level is determined to be 50%, when the client's assets fall to USD 600 (1200*50%) as a result of evaluations, the transaction platform stops out the position at the most active prices. In case of other positions, the position with the highest loss is started and continues until asset/initial margin goes up above 50% in this example.

Swap Calculation (Number of lot x Swap rate x Number of day)

If the swap rate for the long position at the parity EUR/USD is -2.02 and if we want to swap 1 lot long position by 1 day, the swap cost according to this formula is calculated as: 1 Lot x (-2.02$) x 1 day = USD - 2.02.

If the swap rate for the long position at the parity USD/TRY is -90 and if we want to swap 1 lot long position by 1 day, the swap cost according to this formula is calculated as: 1 Lot x (-90TRY) x 1 day= TRY - 90 (Since USD is the basic currency, the figure found is in Turkish Lira. In order to convert the number obtained into USD, we should divide it to the parity USDTRY. If USDTRY = 2.00; calculation is: TRY -90 / 2.00 = USD 45.00 (System shall make this operation automatically).

CLIENT:

I hereby declare and accept that I have read and understood the points included in this risk notification form and one copy hereof has been delivered to me. I further declare and accept that I have been informed of:

a) **the fact that leveraged transactions and overseas derivatives transactions are risky by their nature and loss may be made as a result of such transactions;**
b) **the fact that the margin deposited may totally be lost;**
c) **the fact that transaction is carried out over a trial account the principles of operation of which have been prepared by the Association;**
d) **the leverage rate to be applied in transactions;**
e) **profit / loss distribution announced on the website**

and accepted the same; and that I have the knowledge, experience and expertise to be able to assess the risks of my decisions I make and that the investment firm does not offer this product to me outside my free will.

NAME - FAMILY NAME / CORPORATE NAME:

DATE:

SIGNATURE: