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# ActTrader Forex Trading Guide

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If this is your first time coming across the online Forex market, then you have come to the right place! This guide will provide you with the basic knowledge, tools and techniques take your first steps in the fascinating world of Forex using ActTrader.

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## Introduction: Why Forex?

If you are reading this guide, you have most likely taken some sort of interest in the Forex market. But what does the Forex market have to offer you?

**Accessibility** – It's no wonder that the Forex market has the trading volume of 4 trillion a day – all anyone needs to take part in the action is a computer or mobile device with an internet connection.

**24 hour Market** – The Forex market is open 24 hours a day, so that you can be right there trading whenever you hear a financial scoop. No need to bite your fingernails waiting for the opening bell.

**Narrow Focus** – Unlike the stock market, a smaller market with tens of thousands of stocks to choose from, the Forex market revolves around more or less eight major currencies. A narrow choice means no room for confusion, so even though the market is huge, it's quite easy to get a clear picture of what's happening.

**Liquidity** – The foreign exchange market is the largest financial market in the world with a daily turnover of just over \$4 trillion! Now apart from being a really cool statistic, the sheer massive scope of the Forex market is also one of its biggest advantages. The enormous volume of daily trades makes it the most liquid market in the world, which basically means that under normal market conditions you can buy and sell currency as you please. Unlike the risks of trading stocks, you can never be in a jam for currency to buy or stuck with currency that you cannot unload.

**The Market cannot be cornered** – The colossal size of the Forex market also makes sure that no one can corner the market. Even banks do not have enough pull to really control the market for a long period of time, which makes it a great place for the little guy to make a move.

## Profitability

The biggest attraction of any market, or any financial venture for that matter, is the opportunity for profit. In the Forex market, profitability is expressed in a number of ways.

First of all, just to set the record straight, you do not have to be a millionaire to trade Forex. Unlike most financial markets, the Forex market allows you to start trading with relatively low initial capital. At GCI, you can start trading Forex with as little as \$500!

Right about now you're probably asking yourself: "what chance do I have of profiting with such a low initial investment?" The Forex market does not require large initial investments because it allows you to use leveraged trading. Leveraged trading lets you open positions for tens of thousands of dollars while investing sums as small as \$500. This means that Forex trading has the profit (and loss) potential of tens and even hundreds of percent a day!

What is also unique about the Forex market is that any sort of movement is an opportunity to trade. Whether a currency is crashing or soaring, there is always room for speculation, since you always have the option of buying or selling the currency of your choice. Unlike the stock market, you are not limited to speculating on rising stocks, and a falling market is just as good for profitability as a rising market.

Having said all that, it is important to remember that as profitable as the Forex market is, it still carries all the risks involved with financial trading. You should always be aware of the risk and never risk money that you cannot afford to lose.

## Cashing in on Price Movements

Trading Forex is exciting business. The market is always on the move, and every tiny shift in currency rates can mean profits and losses of hundreds and even thousands of dollars!

Let's demonstrate how that can happen. In general, the eight most traded currencies on the Forex market are:

USD	US Dollar
EUR	European Euro
GBP	British Pound
JPY	Japanese Yen
CHF	Swiss Franc
CAD	Canadian Dollar
AUD	Australian Dollar
NZD	New Zealand Dollar

Forex trading is always done in pairs, since any trade involves the simultaneous buying of a currency and selling of another currency. While GCI offers over 50 currency pairs, most trading volume revolves around 14 main currency pairs. These pairs are:

EUR/USD	EUR/JPY
GBP/USD	EUR/GBP
USD/JPY	EUR/CHF
USD/CHF	GBP/JPY
USD/CAD	GBP/CHF
AUD/USD	CHF/JPY
NZD/USD	EUR/CAD

When buying or selling a currency pair, each pair has its own Bid/Ask rate, for example:



<b>EUR/USD</b>		Spread: 1	
Sell	1.2950	Buy	1.2951
<b>50</b>		<b>51</b>	

This means you could either:

**Sell the EUR/USD at the Bid rate of 1.2950 - or - Buy the pair at the Ask rate of 1.2951**

OK, but where's the opportunity for profit?

The currency pair rates are volatile and constantly changing.

One way to profit is by buying a pair, then selling it back at a higher rate to close the position.

The second way is by selling the pair, then buying it back at a lower rate to close the position.

As your positions become profitable, you will see your account Equity increase in real-time in the ActTrader Forex software. When you close a profitable position, the gains will be "realized" and added to your account Balance as well.

## Use of Leverage

If you have been at all exposed to the world of Forex, you have probably heard the word “Leverage” being tossed around. But what exactly is “Leverage”?

Leverage is a very important part of Forex trading, and it is critical that you know exactly how it works and how to use it. It is the term Forex traders use to refer to the ratio of invested amount relative to the trade’s actual value.

Forex brokers usually allow their customers to trade with only a small percentage of the position value in their accounts, so that traders do not have to invest tens of thousands of dollars for the chance to make any real profit. When you trade at a leverage of 400:1 (or “400 to 1”), it means that for every \$1 that you invest in the market, the broker effectively invests \$400 for you. As a result, by investing \$500 you can control trades worth up to \$200,000.

As with any investment opportunity, with greater profit potential comes greater risk. Therefore, with higher leverage, your profit opportunity increases but you can also lose your funds more quickly.

For example, if you trade with 100:1 leverage, the market would need to move 100 pips against you for you to incur the same losses a 25 pip move against you would incur at 400:1 leverage. But at GCI, your losses are limited. Once the trade is no longer covered by your investment - that is, the “Usable Margin” in ActTrader Forex reaches zero - the trade is automatically closed.

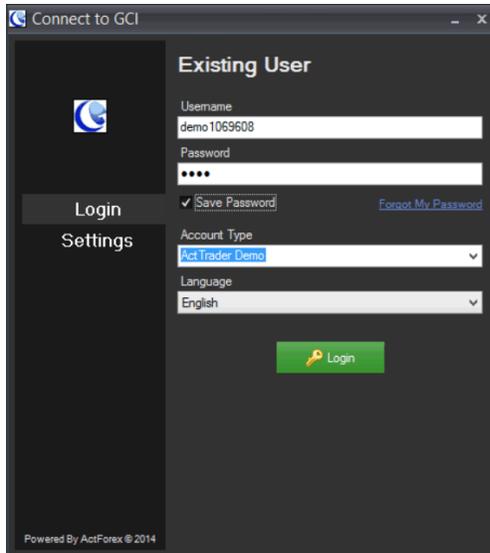
On the reverse side, if you trade with 100:1 leverage, the market would need to move 100 pips in your favor for you to realize the same profit a 25 pip move in your favor if you trade at 400:1 leverage. The advantage of trading with Leverage is that your profit potential is virtually infinite, and you have more control: you can always choose to trade a smaller position size if you wish to have lower risk.

Remember, Leverage can be a trader’s best friend when used carefully, and his worst enemy when used recklessly. It is a great tool for increasing profits; in fact private traders rarely trade without it. But you should always keep in mind that the higher the leverage, the higher the risk level.

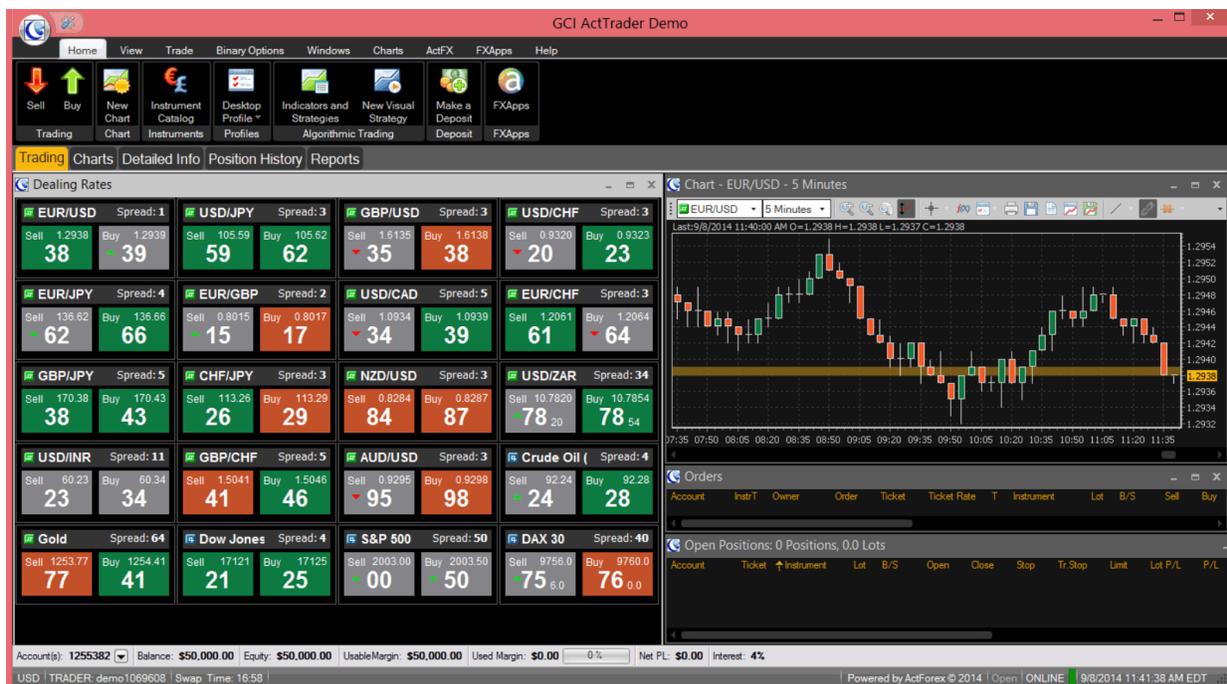
Now that you are equipped with most of the basic tools, you can make your first trade!

## A Simple Trade Example

If you do not already have an ActTrader Demo Account, get one now for free at [www.gcitradings.com/demo](http://www.gcitradings.com/demo). You will get a Username and Password and be prompted to download the software. Go ahead and Login, setting your Account Type to ActTrader Demo. You can check "Save Password" so you do not have to enter it every time you login:



Once logged in, you will see the ActTrader interface below:



The interface is organized into several menu tab categories across the top. You can click on any tab, or hover your mouse over any button to see a brief description of its functionality. Positioned below these menu items are tabs for Trading, Charts, Detailed Info, Position History, and Reports.

### Placing a Trade

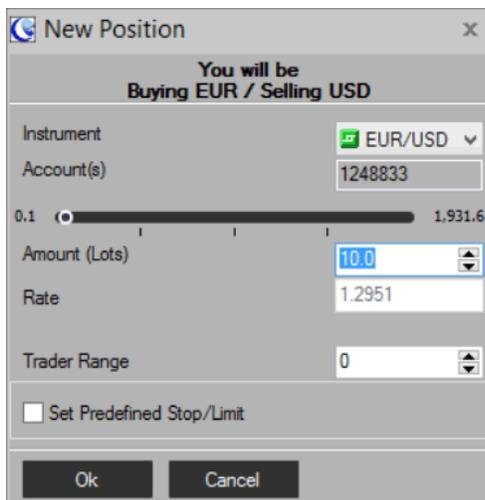
Here is a to-do list of actions to be taken as you place a trade:

- Identify the pair to buy or sell
- Decide on the initial trade size (in Lots)
- Consider applying Stops or Limits (covered in the next chapter)
- Open the trade

Let's say that after spending some quality time looking at the charts of several currencies, you've concluded that EUR/USD is trending up. Therefore you decide to buy EUR/USD (equivalent to buying EUR/selling USD).

#### Opening a Position with a **Market Order**:

In this example, the simplest way to open a new buy position in EUR/USD is to left-click on the **Ask** price of 1.2951. You will then be prompted with the below dialog box:



The dialog box is titled "New Position" and contains the following information:

- You will be Buying EUR / Selling USD**
- Instrument: EUR/USD
- Account(s): 1248833
- Amount (Lots): 10.0
- Rate: 1.2951
- Trader Range: 0
- Set Predefined Stop/Limit

You can now verify the following parameters before executing this trade:

**You will be Buying EUR / Selling USD:** This confirms that you are buying EUR/USD. If you had clicked on the **Bid** price of 1.2950, it would say "Selling EUR / Buying USD."

**Instrument:** This defaults to EUR/USD, because that is the instrument you clicked on. You can change the instrument you are buying in this field if you wish.

**Amount (Lots):** The amount in Lots that you are going to buy. You can input a new number here, or use the arrow buttons to increase or decrease the lots size. 1 lot = 10,000 currency units.

**Rate:** The price at which you intend to buy EUR/USD. This rate will change in real-time before you click "OK"

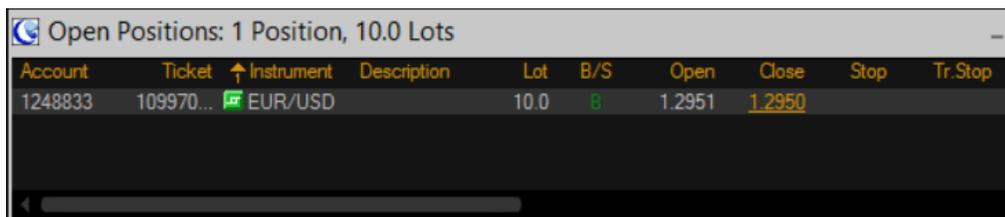
**Trader Range:** This is the amount of slippage, in pips, you are willing to accept on your trade execution. It defaults to "0" as any slippage with GCI is fairly rare. If the price changes by more than the Trader Range while your trade is being processed, your trade will not be executed and you will be presented with a new price.

**Set Predefined Stop/Limit:** checking this box allows you to input a Stop, Limit, or Trailing stop order on this position, so that when it is executed, it already has these conditional orders attached to it. If you do not set any predefined Stop/Limit orders, you will still have the opportunity to do so later once the position is opened.

Once you have verified these New Order parameters, click OK.

### Open Positions

You have now bought 10 lots of EUR/USD at 1.2951, and you will see this position in the "Open Positions" window.



Open Positions: 1 Position, 10.0 Lots									
Account	Ticket	Instrument	Description	Lot	B/S	Open	Close	Stop	Tr.Stop
1248833	109970...	EUR/USD		10.0	B	1.2951	1.2950		

You can manage this Open position by right-clicking on it and selecting from the menu:

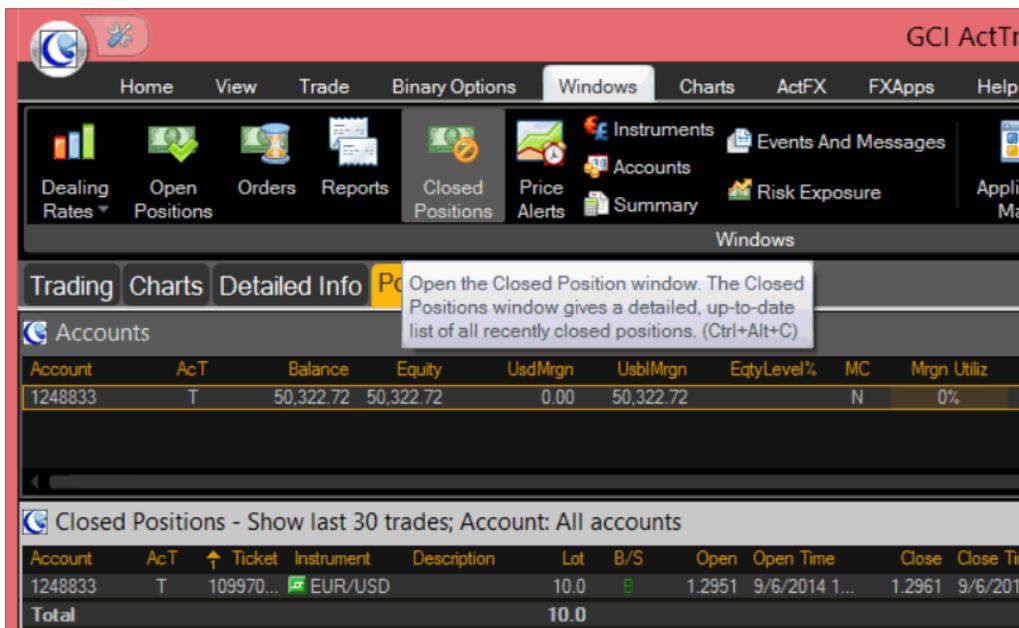
Stop	Ctrl+T
Limit	Ctrl+L
Trailing Stop	
Close position	Ctrl+C
Hedge position	Ctrl+H
Close with hedge	
Comment	
Tools	▶
Preferences	▶
Refresh	F5

Note that you can add or change Stop, Limit, or Trailing Stop orders associated with the position. You can also close it or “Hedge” it. “Hedge” means to open the same position, but in the opposite direction, so in this case sell EUR/USD, without closing the original position. You therefore eliminate market risk while leaving your position open.

Now, let’s assume that at the end of the day, or possibly even a few minutes later, the EUR/USD rate has risen to 1.2961 Bid / 1.2962 ask. You close that EUR/USD position by selecting “Close position” from the above menu, and then clicking “OK.” This effectively sells back the EUR/USD position at the current Bid price, achieving a gain of 10 pips (1.2961 – 1.2951).

### Closed Positions

You can now see this “closed position” in both your Reports and in your Position History tab. To view recently closed trades, select the “Windows” tab at the top, and click the “Closed Positions” button:



The screenshot shows the GCI ActTr trading platform. The 'Windows' tab is selected, and the 'Closed Positions' button is highlighted. A tooltip explains: "Open the Closed Position window. The Closed Positions window gives a detailed, up-to-date list of all recently closed positions. (Ctrl+Alt+C)". Below the tooltip, there are two tables:

Account	AcT	Balance	Equity	UsdMrgn	UsblMrgn	EqtyLevel%	MC	Mrgn Utiliz
1248833	T	50,322.72	50,322.72	0.00	50,322.72		N	0%

Account	AcT	Ticket	Instrument	Description	Lot	B/S	Open	Open Time	Close	Close Time
1248833	T	109970...	EUR/USD		10.0	E	1.2951	9/6/2014 1...	1.2961	9/6/2014
<b>Total</b>					<b>10.0</b>					

This will display the trade details of your last 30 closed trades. Your profit on this position is \$1 per pip x 10 lots x 10 pips = \$100. This means that this seemingly insignificant fluctuation in the rate allows you to cash in \$100 on an initial Used Margin or investment of only \$250.

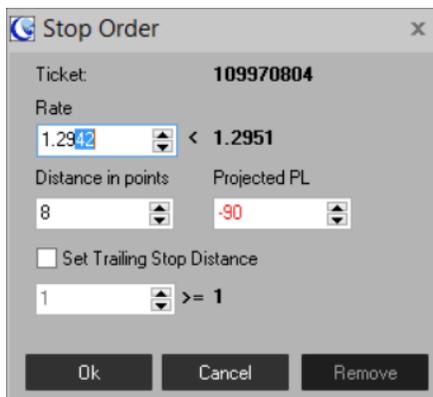
In other words, you just made 40% profit on your investment, thanks to the movement in the exchange rate and the use of leverage.

To view your trading history for any time frame, in a printable statement format, go to the “Windows” tab and click the “Reports” button.

## Managing Risks and Rewards – Stops and Limits

Forex trading can be a risky business. GCI’s ActTrader platform allows for a variety of order types, which can limit risk and lock in profits. In addition to **Market Orders** described on page 9, GCI offers the following Order types:

**Stop:** this is an order designed to limit risk on an existing position. It will close a position at a price set by you if the position moves against you. If you have a Buy position, the Stop order will be below the current market. If you have a Sell position, the Stop order will be above the current market. You can place Stop Orders by right-clicking on the position in the “Open Positions” window and selecting “Stop.” You can input your stop Rate and click “OK”:



Ticket: <b>109970804</b>	
Rate	1.2942 < 1.2951
Distance in points	8
Projected PL	-90
<input type="checkbox"/> Set Trailing Stop Distance	
	1 >= 1
<input type="button" value="Ok"/> <input type="button" value="Cancel"/> <input type="button" value="Remove"/>	

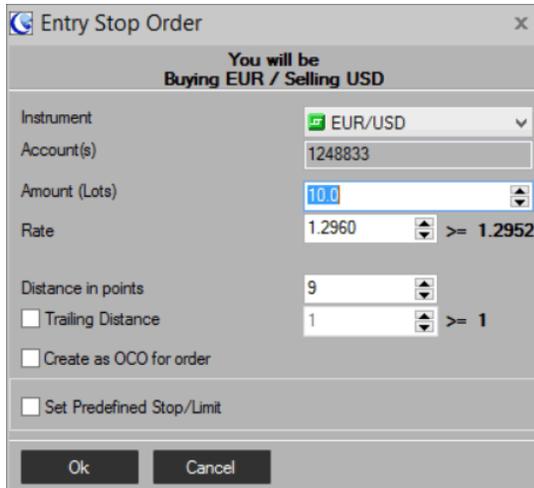
Alternatively, you can place a “Predefined” stop order as soon as you open the position, as discussed on page 10.

**Trailing Stop:** this is also an order designed to limit risk on an existing position, but instead of being placed at a fixed rate, it is placed at a fixed distance, in pips, from the current market and “follows” the market as it moves in your favor. You can place Trailing Stop Orders by right-clicking on the position in the “Open Positions” window and selecting “Stop.” Then check the “Set Trailing Stop Distance” box and input the desired number of pips away from the current price you wish to have your stop. Alternatively, you can place a “Predefined” trailing stop order as soon as you open the position, as discussed on page 10.

Having some losing trades is inevitable for any trader. One of the most critical keys to successful trading is to limit losses on these losing trades, using Stops and Trailing Stops and thereby controlling risk.

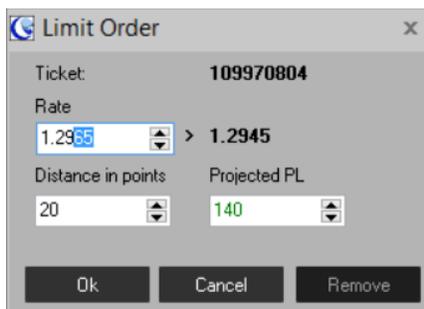
**Entry Stop:** This is an order designed to open a new position, but only if the market begins to move in the direction that you anticipate. An Entry Stop Buy is an order to buy above the current market, and an Entry Stop Sell is an order to sell below the current market. To place an Entry Stop, right-click on the Bid or Ask price of the instrument you wish to trade in the Dealing Rates window, and select “Entry Stop

Buy” or “Entry Stop Sell.” You will then be prompted with the below dialog box to confirm the trade details and click “OK.”



The Entry Stop order will then appear in your “Orders” window until it is executed. The advantage of an Entry Stop order is that it trades only in the direction of the current market momentum. If you incorrectly anticipated market direction, your Entry Stop rate will not be reached, the order will not be executed, and you will therefore not have what could have been a losing position.

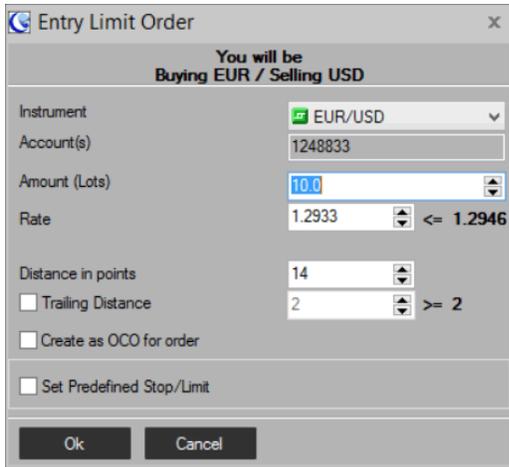
**Limit Order:** This is an order designed to capture profits on an existing position. It will close a position at a price set by you when the market moves in your favor. If you have a Buy position, the Limit order will be above the current market. If you have a Sell position, the Limit order will be below the current market. You can place Limit Orders by right-clicking on the position in the “Open Positions” window and selecting “Limit.” You can input your stop Rate and click “OK”:



Alternatively, you can place a “Predefined” Limit order as soon as you open the position, as discussed on page 9.

**Entry Limit Order:** This is an order designed to open a new position at a better rate than the current market. An Entry Limit Buy is an order to buy below the current market, and an Entry Stop Sell is an order to sell above the current market. To place an Entry Limit, right-click on the Bid or Ask price of the

instrument you wish to trade in the Dealing Rates window, and select “Entry Limit Buy” or “Entry Limit Sell.” You will then be prompted with the below dialog box to confirm the trade details and click “OK.”



The Entry Limit order will then appear in your “Orders” window until it is executed. The advantage of an Entry Limit order is that if the order is executed, you will have entered your position at a better rate than if you had placed a Market Order. For an Entry Limit Buy, you can therefore take advantage of the market moving slightly lower before it trends upwards. For an Entry Limit Sell, you can take advantage of the market moving slightly higher before it trends downwards.

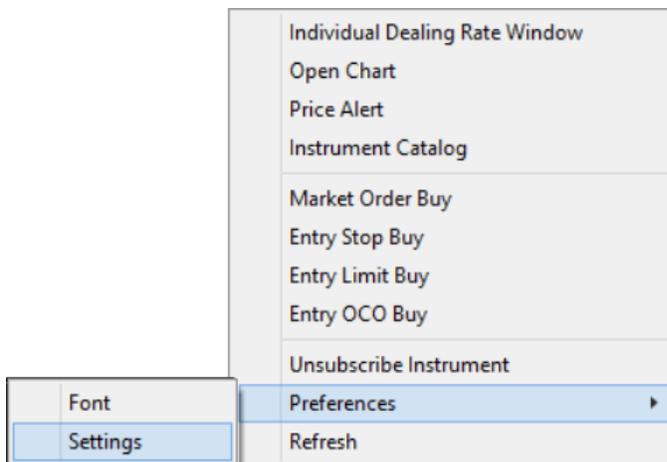
Remember, Stop and Limit orders are very simple tools that can make the difference between a successful trading career and a big hole in your pocket. Consider using these orders with every trade that you make.

## Adding Additional Instruments to Trade

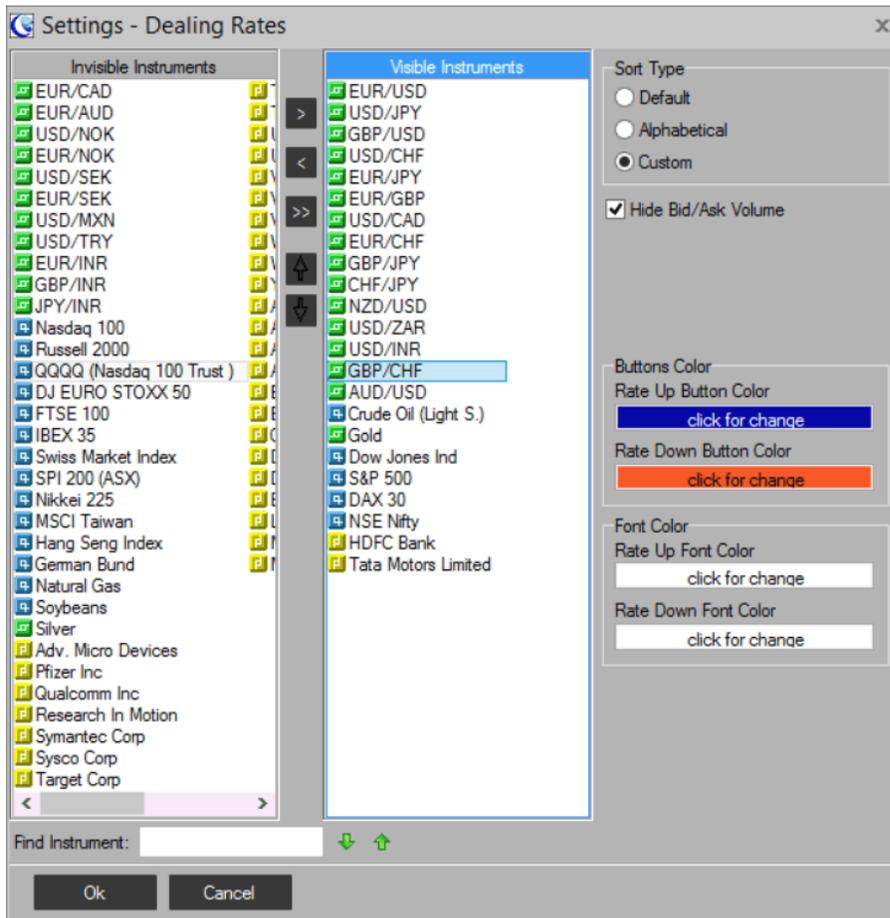
GCI's ActTrader platform offers trading in hundreds of instruments, including over 50 currency pairs, CFDs on Gold, Crude Oil, Stock Indices, and more. GCI has pre-populated your "Dealing Rates" window with some of the most popular instruments, but you can easily add or remove instruments, fully customizing what you see and what you trade.

### Visible Instruments

Right-click anywhere in the "Dealing Rates" window, and select "Preferences" and then "Settings."



You will now see a list of "Visible" and "Invisible" instruments, as well as some other settings for Font and Colors:



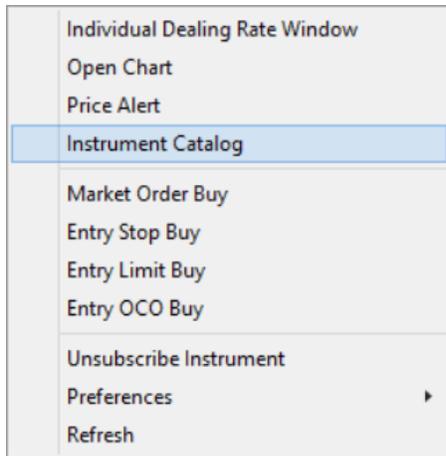
The Visible and Invisible instruments together represent only those instruments to which you have Subscribed, not all available instruments. You can Subscribe to more instruments even then are shown in the Invisible instruments list, and we will discuss that shortly.

The “Visible” instruments are those that currently appear in the Dealing Rates window and are available for trading and charting. If the instrument you wish to trade is in the “Invisible” list, you can select it by clicking on it once, and then click the “>” button to move it to the “Visible” list. Then click “OK” to have it added to the Dealing Rates window for trading and charting. You can similarly remove instruments from the Dealing Rates window by moving them from the “Visible” to the “Invisible” list. Note that there is a “Find Instrument” feature which you can use instead of scrolling through the list.

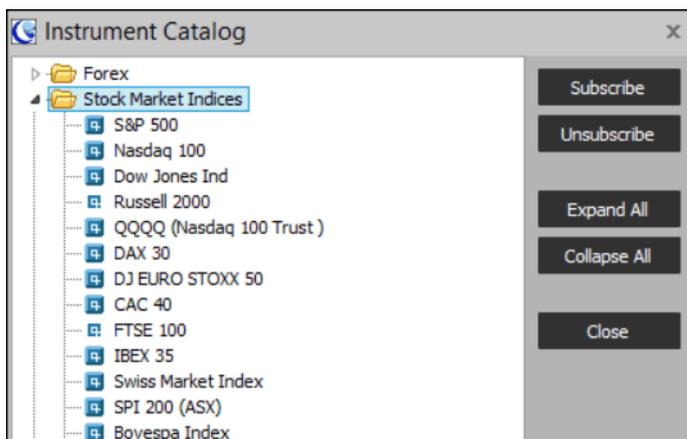
### Instrument Catalog

As mentioned, the Visible and Invisible instruments only represent the “subscribed” instruments on your trading platform. GCI offers many others with a maximum of 100 instruments to which you can subscribe at any one time. Again, GCI has pre-subscribed to the most popular instruments for you, but you can change this to suit your trading needs. If there are instruments you wish to add that are not in the Invisible or Visible list, you can still trade them by “subscribing” to them:

Right-click anywhere in the Dealing Rates window, and select “Instrument Catalog.”



This will bring up the Instrument Catalog, which contains all instruments offered by GCI, organized into category folders. Instruments to which you are subscribed have a large square icon next to them, while instruments to which you are unsubscribed have the small square icon. In the Stock Market Indices below, you can see that Russell 2000 and FTS 100 are Unsubscribed, and all the others are Subscribed:

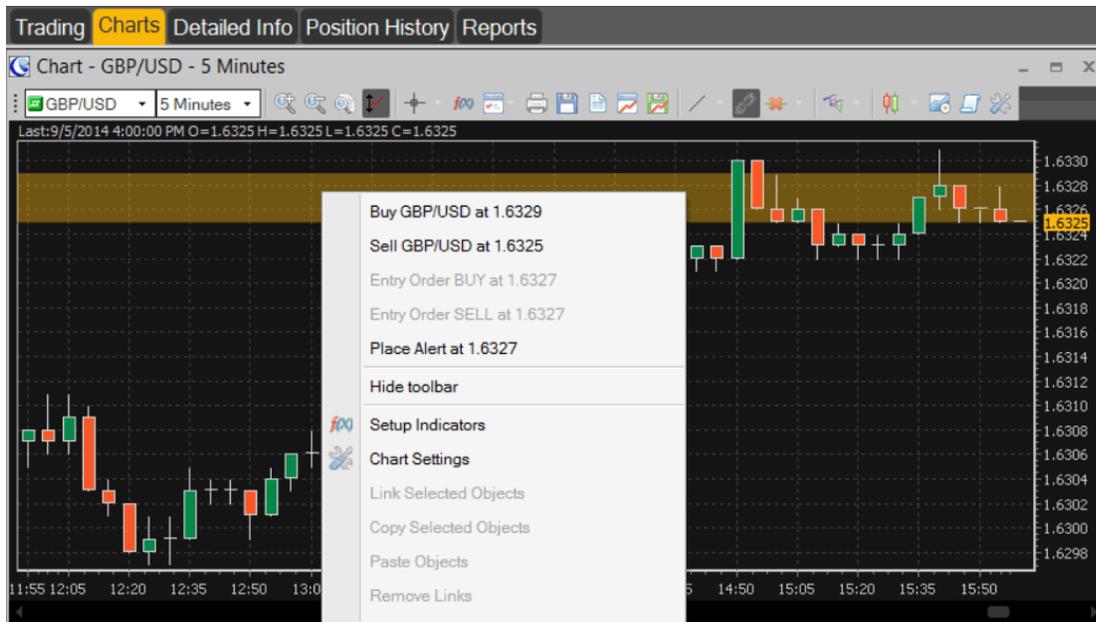


To subscribe to an instrument, find it in the folder, select it by clicking on it, and then click “Subscribe.” The instrument will now be moved right to the “Visible” list, and therefore shown in your Dealing Rates window for trading and charting. Note that there is also a “Find Instrument” feature at the bottom of this Instrument Catalog box.

If you cannot subscribe to additional instruments because you are at the 100 instrument limit, you first need to “Unsubscribe” to one or more instruments by selecting it in the Instrument Catalog menu, and clicking “Unsubscribe.” Then subscribe to the instruments you want.

## Using Charts

GCI's ActTrader platform provides unlimited charting, with a variety of graphical and trading features. Some charts have been pre-set up on your trading interface, but you can change the instrument, time frame, chart type, and many other details. By clicking on the "Charts" tab, you will see four charts. Right-clicking in any of these charts brings up a menu, as shown below:



The chart above is a candlestick chart of GBP/USD, using 5 minute intervals. You can change the instrument and the time interval using the drop-down menus in the upper left corner.

Notice that the right-click menu allows you to trade from the chart, or to place Entry orders, depending on what part of the chart you clicked on. You can also place audio Alerts from these charts.

"Setup Indicators" allows you to choose from a variety of technical studies and indicators to help you make trading decisions. For a detailed description of each indicator, refer to [http://help.sysfx.com/documents/traders\\_manual/4.7/en\\_US/indicators.htm](http://help.sysfx.com/documents/traders_manual/4.7/en_US/indicators.htm).

"Chart Settings" allows you to control the colors and display details, the type of chart, and axis labels.

## The Quest for Volatility

The Forex market is open 24 hours a day, but what are the best times to make a profit?

Even though the Forex market is open 24 hours a day with the exception of weekends, not all hours are as equally good for trading. The reason that the Forex market is open 24 hours a day is that it is made up of different sessions around the globe that between them cover 24 hours.

The more markets are active at the same time, the more trades are being executed, and the more action for you to cash in on.

Trading Sessions (“GMT” – Global Market Time):

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24						
							London																						
												New York																	
Sydney																							Sydney						
Tokyo																													

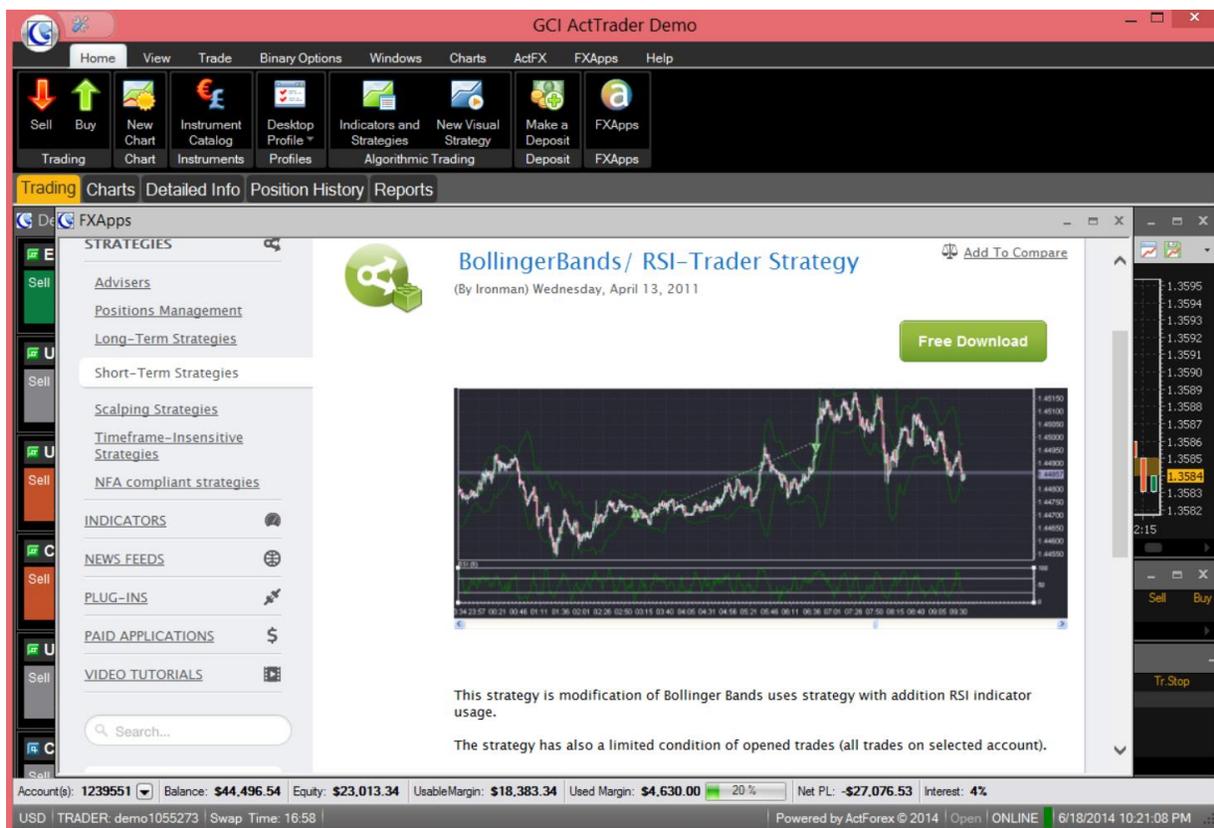
Since the London session is the busiest out of the four, the best times for trading are 8AM-9AM (GMT) and 13PM-17PM (GMT), because that is when the London session overlaps with other sessions.

Remember – even though you are able to trade 24 hours a day, it is better to plan your trading activity in order to catch the best action for a chance to maximize your profits and minimize your losses.

## Using FXApps for Automated Trading and Indicators

From the “Home” tab of your ActTrader software, click on “FXApps.” This will launch a window which allows you to register for an FXApps account. Registering is free and instant, and will give you access to downloads for automated trading programs, indicators, and other scripts which integrate automatically with your ActTrader Software. Many of these Apps are free, some are available for a small fee.

For example, you can click on “Short-Term Strategies” and then click on the text “Bollinger Strategy.” You then get more details of this strategy and how it works. If you want to test it on your Demo account, click “Free Download.”



The screenshot displays the GCI ActTrader Demo software interface. The main window is titled "FXApps" and shows a sidebar with navigation options: STRATEGIES, ADVISERS, POSITIONS MANAGEMENT, LONG-TERM STRATEGIES, SHORT-TERM STRATEGIES, SCALPING STRATEGIES, TIMEFRAME-INSENSITIVE STRATEGIES, NFA COMPLIANT STRATEGIES, INDICATORS, NEWS FEEDS, PLUG-INS, PAID APPLICATIONS, and VIDEO TUTORIALS. The main content area displays the "BollingerBands/ RSI-Trader Strategy" page, which includes a "Free Download" button, a candlestick chart with Bollinger Bands and an RSI indicator, and a description: "This strategy is modification of Bollinger Bands uses strategy with addition RSI indicator usage. The strategy has also a limited condition of opened trades (all trades on selected account)." The bottom status bar shows account details: Account #: 1239551, Balance: \$44,496.54, Equity: \$23,013.34, Usable Margin: \$18,383.34, Used Margin: \$4,630.00 (20%), Net PL: -\$27,076.53, Interest: 4%. The bottom right corner indicates the software is powered by ActForex © 2014 and is currently online on 6/18/2014 at 10:21:08 PM.

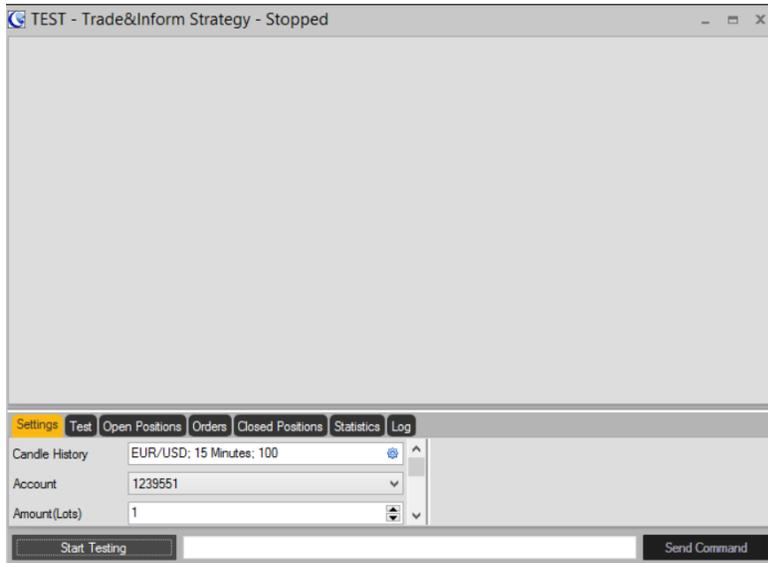
To run the Strategy, select the “FXApps” tab on your ActTrader software, and click “Indicators and Strategies.” You will then see a list of all the FXApps you have downloaded. Select the one you want and click on the green capital “T” in to action bar across the top (“Test Strategy”):



The screenshot displays the GCI ActTrader Demo software interface. The main window is titled "GCI ActTrader Demo" and features a menu bar with options: Home, View, Trade, Binary Options, Windows, Charts, ActFX, FXApps, and Help. The "FXApps" tab is active, showing a list of indicators and strategies. The list is organized into folders: Indicators (J. Welles Wilder, Moving Average, Oscillators, Patterns, Trend, Volume, Other) and Strategies (Samples, Entry Orders, MACD Strategy, MultiStochastic Strategy, TradeInform Strategy). The "MultiStochastic Strategy" is highlighted. On the left, a "Dealing Rates" panel shows various currency pairs with their respective spreads and bid/ask prices. On the right, a candlestick chart is visible, and at the bottom, a status bar displays account information such as Balance (\$44,496.54), Equity (\$23,198.54), and Net PL (-\$26,891.33).

Pair	Spread	Sell Price	Buy Price
EUR/USD	1	1.3585	1.3586
USD/JPY	-	101.93	-
GBP/USD	3	1.6991	1.6994
USD/CHF	-	0.8961	-
EUR/JPY	3	138.49	138.52
EUR/GBP	-	0.7994	-
USD/CAD	4	1.0829	1.0833
EUR/CHF	-	1.2178	-
GBP/JPY	7	-	-
CHF/JPY	-	-	-

You will then be presented with another window in which you can input Lot size and other variables, and can then click “Start Testing.”



All of these FXApps are available for Live Trading as well.

## Glossary

**Ask:** Price at which broker/dealer is willing to sell, and the price at which you can buy. Same as "Offer".

**Balance:** The value of your account not including unrealized gains or losses on open positions.

**Bid:** Price at which broker/dealer is willing to buy, and the price at which you can sell.

**Bid/Ask Spread (or "Spread"):** The distance, usually in pips, between the Bid and Ask price. A tighter spread is better for the trader.

**Drawdown:** The magnitude of a decline in account value, either in percentage or dollar terms, as measured from peak to subsequent trough. For example, if a trader's account increased in value from \$10,000 to \$20,000, then dropped to \$15,000, then increased again to \$25,000, that trader would have had a maximum drawdown of \$5,000 (incurred when the account declined from \$20,000 to \$15,000) even though that trader's account was never in a loss position from inception.

**Equity:** This represents the current market value of your account.  $\text{Equity} = \text{Balance} + (\text{unrealized profit/loss on open positions})$ .

**Forex:** Short for "Foreign Exchange". Refers generally to the Foreign Exchange trading industry and/or to the currencies themselves.

**Fundamental Analysis:** Macro or strategic assessments of where a currency should be trading based on any criteria but the price action itself. These criteria often include the economic condition of the country that the currency represents, monetary policy, and other "fundamental" elements.

**Leverage:** The amount, expressed as a multiple, by which the notional amount traded exceeds the margin required to trade. For example, if the notional amount traded (also referred to as "lot size" or "contract value") is \$100,000 dollars and the required margin is \$2,000, the trader can trade with 50 times leverage ( $\$100,000/\$2,000$ ).

**Limit:** An order to buy at a specified price when the market moves down to that price, or to sell at a specified price when the market moves up to that price.

**Liquidity:** A function of volume and activity in a market. It is the efficiency and cost effectiveness with which positions can be traded and orders executed. A more liquid market will provide more frequent price quotes at a smaller bid/ask spread.

**Margin:** The amount of funds required in a client's account in order to open a position or to maintain an open position. For example, 1% margin means that \$1,000 of funds on deposit are required for a \$100,000 position.

**Margin Call:** A requirement by the broker to deposit more funds in order to maintain an open position. Sometimes a "margin call" means that the position which does not have sufficient funds on deposit will simply be closed out by the broker. This procedure allows the client to avoid further losses or a debit account balance.

**Market Order:** An order to buy at the current Ask price or sell at the Current bid price.

**Offer:** Price at which broker/dealer is willing to sell. Same as "Ask".

**Pip:** The smallest price increment in a currency. Often referred to as "ticks" in the futures markets. For example, in EURUSD, a move from .9015 to .9016 is one pip. In USDJPY, a move from 128.51 to 128.52 is one pip.

**Roll over:** Is the changing of futures when they expire to the new contract.

**Spot Foreign Exchange:** Often referred to as the "interbank" market. Refers to currencies traded between two counterparties, often major banks. Spot Foreign Exchange is generally traded on margin and is the primary market that this website is focused on. Generally more liquid and widely traded than currency futures, particularly by institutions and professional money managers.

**Stop:** Also called "Stop Loss" or "S/L". An order to buy at the market only when the market moves up to a specific price, or to sell at the market only when the market moves down to a specific price.

**Swap rate (also called "Premium" or "Cost of Carry"):** The cost, often quoted in terms of dollars or pips per day, of holding an open position.

**Technical Analysis:** Analysis applied to the price action of the market to develop trading decisions, irrespective of fundamental factors.

**Tick:** The smallest price increment in a futures or CFD price. Often referred to as a "pip" in the currency markets. For example, in Dow Jones Industrials, a move from 8845 to 8846 is one tick. In S&P 500, a move from 902.50 to 902.51 is one tick.

**Usable Margin:** The amount in your account available as margin for new positions. Usable Margin = Equity - Used Margin

**Used Margin:** The amount that is needed in your account as margin for open positions. Margin requirements on ActTrader are \$25 per lot. For example, if you have 3 lots of open positions, your Used Margin is  $3 \times \$25 = \$75$ . Note that margin is not a "charge" and is not deducted from your account in any way.

**GCI Financial**

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