

## WHS FUTURES TRADING RULES



**WH SELFINVEST**  
Est. 1998  
Luxembourg, France, Belgium,  
Poland, Germany, Netherlands

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*Your contractual engagements require that you carefully read this document on the rules of trading and all information available on our website before placing your first order on the trading platform.*

*WHS reserves the right to modify these rules without prior notice.*

*Trading with leverage and/or short selling can cause losses greater than your initial investment.*

*The client is fully responsible for any negative balance on the account and needs to cover this unsecured debit within 5 working days.*

*The latest version of the trading rules is always available on the WHS website.*

*Please contact WHS support desk if you have any questions or concerns regarding these trading rules.*



**Definition, Trading Hours and Halted Session**

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DEFINITION	TRADING HOURS	HALTED TRADING SESSION
<p>Futures are the <b>preferred instrument</b> of active traders. The futures markets are fully electronic, 100% centralized and totally transparent.</p> <p>There are no market makers. Professional and retail investors have identical information.</p> <p>Of all financial instruments futures have the lowest commissions and the tightest spreads. Futures are easy to understand and offer the active investor a large variety of underlying values.</p> <p>Clients have direct access to all the major markets. In total 2.000+ electronic futures are available.</p> <p>Short selling is allowed on all futures.</p> <p>Positions can be opened on margin.</p> <p>The active investor can thus determine his own leverage.</p>	<p>Futures contracts are tradable during regular trading hours. Please visit our website for more information:</p> <p><a href="http://www.whselfinvest.com/en/f_price_bourse_courtier_trading.php#margin">http://www.whselfinvest.com/en/f_price_bourse_courtier_trading.php#margin</a></p> <p>Please note:</p> <ul style="list-style-type: none"> <li>-The opening / closing times of the Futures markets may be different on public holidays.</li> <li>- Trading hours on the US Futures are normally displayed in US Central Time, the time in Chicago, where CME Group is headquartered.</li> <li>-The Pats order server is available from 22:30 to 21:30 GMT.</li> </ul>	<p>In case of US holidays the US markets will usually be closed (except the GLOBEX market). As a result all 'DAY' orders entered and still working at market close, will be rolled over to the session of the next trading day. If you do not wish to keep your 'DAY' orders, you need to cancel them before the GLOBEX session closes. Clients are solely responsible for any consequences of 'DAY' orders they did not cancel.</p> <p>SYOMS orders: All 'DAY' orders have to be canceled before the GLOBEX market closes. Reminder: please do not use the order types GTC SYOMS or GTD SYOMS.</p> <p>Please be aware that your trades and resulting positions executed on CME-GLOBEX on a public holiday will only appear in the statement <u>after</u> the next normal business day.</p>

**Risk disclaimer:**

Futures exchanges modify these parameters on occasion. Although the trading hours table on the website is updated as often as possible, information may be outdated.

## EXPIRATIONS - GENERAL

Expiration is the time and the day that a particular delivery month of a futures contract stops trading, as well as the final settlement price for that contract.

### Examples:

**DAX:** Third Friday of each maturity month if this is an exchange day; otherwise the exchange day immediately preceding that day.

**MINI S&P:** Trading can occur up to 8:30 AM CT on the third Friday of the maturity month.

**EURO FX:** 9:16 AM Central Time (CT) on the second business day immediately preceding the third Wednesday of the maturity month (usually Monday).

Some futures contracts are settled in cash at expiry (CAC, DAX, mini S&P, mini Nasdaq, etc.), other contracts require physical delivery (Crude Oil, Bund, TNote, etc.).

**ADVICE :** You can check the expiration dates of any contract on the website of the respective futures exchange.

For example:

EUREX: [www.eurexchange.com](http://www.eurexchange.com)

CME: [www.cmegroup.com](http://www.cmegroup.com)

## CONTRACT EXPIRATIONS

It is strictly forbidden to keep a position on a contract that will settle with financial instruments or physical goods on expiration date. The client is responsible for closing his positions before expiration. Clients must know the conditions of settlement at expiry for the contracts they wish to trade. This information can be found on the website of the exchange in question.

**To avoid any inconveniences traders need to fully understand First Notice Day and Last Trading Day.**

### FIRST NOTICE DAY

The first day that investors who have traded a futures contract may be informed that they have been assigned a delivery of a futures contract.

### LAST TRADING DAY

The final day that a futures contract may trade or be closed out before delivery of the underlying asset. All futures contracts which have not been traded out by the end of the last trading day must be settled by making delivery of the physical-commodity or are cash settled.

## IMPORTANT

In order to avoid delivery costs of retendering, WHS urge clients to trade out of their open futures contracts which are not cash settled at least two business days prior the First Notice Day.

### Example:

CMXGOLD DEC13 Future

First Notice Day = Fri, 29<sup>th</sup> November 2013

Last Trade Day = Fri, 27<sup>th</sup> December 2013

**Traders need to close their open positions in the CMX Gold DEC13 Future latest on Wed, 27<sup>th</sup> November 2013.**

27	Wednesday	28	Thursday	29	Friday
Traders need to trade out of their CMX Gold DEC13 positions		No CMX Gold Dec13 positions allowed		First Notice Day: CMX Gold Dec13	

### Important:

**If clients do not trade-out in time WHS takes the right to liquidate the position in question. A charge of 50 € per contract will be applied.**

## TICK VALUE – POSITION SIZE

Future contracts are based on different financial instruments, therefore, the point value of a Futures contract can vary from contract to contract.

	Nominal	Quotes in	1 Tick	Tick value
DAX (EFDX)	Index x 25 €	index pts	0,5 index pts	12,5 €

The “1 Tick” column corresponds with the minimum difference between two consecutive prices.

The Tick Value gives the cash value of a tick in the currency of the instrument. From these two sets of information it is possible to determine the value of a point for a Futures contract as shown below:

Contract: Mini Crude Oil (NQM)  
 Tick : 0,025 \$/barrel  
 (1 point is in this case 40 ticks)  
 Tick value : USD 12,50  
 One point will therefore be USD 500 (= 12,50 \* 40).

ADVICE : Please confirm tick value in the instruments tables or on the website of the corresponding exchange, before trading a futures contract you are not familiar with.

## SPREADS

Similar to nearly all financial instruments, Futures trading markets have separate buying and selling prices, known respectively as the ask and bid price. The difference between these two prices varies and reflects the liquidity of the underlying market.

As mentioned before Futures markets normally have very tight spreads – especially the popular day trading markets.

For example:

DAX – The DAX futures market

## INACTIVITY FEE

The futures exchanges supply their real-time quotes to active traders at a reduced cost. Patsystems and WH SelfInvest provide these quotes to their clients free of charge. In order to be considered an active trader by the exchanges it is necessary to execute at least 1 trade per month.

If a client uses his trading platform and does not meet this requirement the exchange will increase the cost of the real-time quotes to us. We will pass this cost, £ 75 on to the client.

## MARGIN REQUIREMENTS

The margin requirement is the minimum amount a futures trader is required to maintain in his trading account in order to hold a futures position.

Please consult the margin requirements table on our website:

[http://www.whselfinvest.com/en/f\\_price\\_bourse\\_courtier\\_trading.php#margin](http://www.whselfinvest.com/en/f_price_bourse_courtier_trading.php#margin)

The Intraday Margin is the minimum amount a trader is required to maintain to hold a position during the day (8h00-22h00 CET)

The Overnight Margin (= org. Exchange Maintenance Margin) is the minimum amount a trader is required to maintain to hold a position during the night (22h00 – 8h00 CET).

**Important: Margins are expressed in Euro (€). The indicated margins on our website can only be considered informative, as they are subject to fluctuations that may occur at any time and without prior notice.**

## TELEPHONE ORDERS

In order to place your trade please provide the following information:

- your account number + your email address for identification
- instrument/contract
- the volume of your order
- the type of order  
market, limit, stop,
- the price at which you would like your order placed

8.00 – 22.00 CET →

Call this number : **+352 42 80 42 80**

## OPTIONS

Futures exchanges also offer option contracts. Those have futures as well as cash indices as an underlying value. Product specifications are diverse and may vary strongly between the different products. Before trading options, a client should inform him/herself thoroughly - via the official website of the exchange - about the trading conditions of the product in question. Options cannot be taken lightly as they are complex, not suitable for many retail investors.

### Risk disclaimer:

Unless you have expertise in the matter, it is an area we strongly advise not to enter as the potential for errors is high. Errors may have unforeseen consequences and may result into virtually unlimited losses on the account.

## DIFFERENT ORDER TYPES

-Limit: Maximum price if you want to buy, or minimum price if you want to sell.

-Stop: When the price hits the stop, a market order is sent.

-Stop Limit: When the price hits the stop order, a limit order is sent. Enter the stop level in 'Price' and the limit level in 'LimitPrice'. Example: Buy Stop 900 Limit 902, Sell Stop 3000 Limit 2995.

We advise you to use this order type only to open a position.

-Market: Buy at the best ask price, or sell at the best bid price

-Market If Touched (MIT): A conditional order that becomes a market order when the instrument reaches a specific price.

A **MIT Buy** order becomes a market order when the contract trades or is offered at or below the entered price. A **MIT Sell** order becomes a market order when the contract trades or is bid above the entered price.

- SyOMS orders: SyOMS stands for Synthetic Order Management System and is an order hosted on the PATS server and are therefore not visible on the exchanges.

## DIFFERENT ORDER TYPES

All SyOMS orders are entirely at the clients' own risk. WH Selfinvest cannot be held responsible for any consequences that may result from using SyOMS orders.

DAY, GTC, GTD Orders:

-Day: Unless otherwise specified, orders are considered cancelled at the end of the current day's trading session.

-GTC (Good Til Cancel) orders remain in effect from day-to-day until specifically cancelled or filled.

-GTD (Good Till Date) orders remain in effect until the end of the designated day of expiration or until specifically cancelled or filled.

### -Risk disclaimer:

- Not all order types are available on all exchanges.

- All SyOMS orders are entered entirely at the clients own risk. WH Selfinvest cannot be held responsible for any consequences that may result from using SyOMS orders.

- GTC and GTD SyOMS orders must NOT be used.

- In case of a Halted Session: Day orders must be cancelled manually. NEVER place a SyOMs order on a halted session.

**ORDER EXECUTIONS ARE BASED ON LOWEST-IN, FIRST-OUT (LOFO)**

All Futures contracts are balanced using the Lowest-in, First-out or LOFO principle.

This principle causes the Futures contract with the lowest price to be settled first. Less experienced investors often nourish the conceptual error that this principle negatively impacts their account balance. The following example for 8 roundturn trades proves that this is not the case.

<u>BUSINESS DONE TODAY</u>						
	Dax	Index	25	ERX		
11DEC13	B	1	DEC13	DMA	EL	9094.00
11DEC13	S	1	DEC13	DMA	EL	9088.00
11DEC13	S	1	DEC13	DMA	EL	9092.00
11DEC13	B	1	DEC13	DMA	EL	9114.00
11DEC13	B	1	DEC13	DMA	EL	9116.50
11DEC13	S	1	DEC13	DMA	EL	9115.00
11DEC13	B	1	DEC13	DMA	EL	9102.50
11DEC13	B	1	DEC13	DMA	EL	9108.00
11DEC13	B	1	DEC13	DMA	EL	9110.50
11DEC13	B	1	DEC13	DMA	EL	9114.50
11DEC13	B	1	DEC13	DMA	EL	9115.00

Chronology of trades as shown in the platform and in the statement

<u>SETTLEMENTS</u>						
	Dax	Index	25	ERX		
11DEC13		1	DEC13			9094.00
11DEC13		1	DEC13			9102.50
11DEC13		1	DEC13			9108.00
11DEC13		1	DEC13			9110.50
11DEC13		1	DEC13			9114.00
11DEC13		1	DEC13			9114.50
11DEC13		1	DEC13			9115.00
11DEC13		1	DEC13			9116.50

Settlement based on „LoFo“

**Risk disclaimer:**

Never trade on a position that you are not sure of. In case of discrepancies or doubt, it is required to contact WH and to agree on a plan of action. If you intervene before or without agreeing upon a plan of action you are solely and totally responsible for all direct and indirect losses and damages.



ORDER EXECUTIONS ARE BASED ON LOWEST-IN, FIRST-OUT (LOFO)

Trading chronology			Settlement (LoFo) as on the statement		
	BUY	SELL		BUY	SELL
1	9094	9088	1	9094	9088
2	9114	9092	2	9102.5	9092
3	9116.5	9115	3	9108	9098
4	9102.5	9098	4	9110.5	9106.5
5	9108	9106.5	5	9114	9108.5
6	9110.5	9108.5	6	9114.5	9115
7	9115	9117	7	9115	9117
8	9114.5	9119	8	9116.5	9119
Sum:	72875	72844		72875	72844
		72875			72875
	/	72844		/	72844
		31 points			31 points
	x 25 € / points			x 25 € / points	
		<b>775.00 €</b>			<b>775.00 €</b>

- The chronological order of the trades is not important and will have no impact on the overall result.
- Important: If you take a position overnight the **highest** traded price of the day will be taken for the settlement and shown in the statement at the next day (under Open Positions).

<u>TOTALS</u>	
BROUGHT FORWARD BALANCE	6,311.50CR
SETTLEMENTS	
Dax Index Futures	775.00DR
COMMISSIONS	43.20DR
EXCHANGE FEES	8.00DR
CARRIED FORWARD BALANCE	5,485.30CR

8 Roundturns =  
 16 x 0,50 Exchange Fee = 8 EUR  
 16x (2,20+0,5) = 43,2

## SLIPPAGE

A stop order which is placed at the exchange may be executed at a worse price than placed, which means that there will be a difference between the execution price and the stop price. This is called slippage. A recurring case of slippage is, for example, when the US unemployment figures are published on every first Friday of the month. In anticipation of this news, traders will remove their orders from the order books, creating illiquidity just prior to the news.

Both the absence of liquidity and the surprise effect contribute in creating large price movements. It is important to note that the price moves intermittently, i.e. there is not an execution on each price level. That is the reason why certain stop orders can be executed with smaller or larger deviations.

This movie shows an example of the orderbooks of different futures at the time of a news announcement:

[http://www.whselfinvest.com/films/slippage\\_news.swf](http://www.whselfinvest.com/films/slippage_news.swf)

(please note that the price movement can be even more volatile than shown in this example)



**LEVERAGE**

The leverage of futures trading results from the fact that only a relatively small amount of money (known as the initial margin) is required to buy or sell a futures contract. For example, a deposit of only 5,800 € enables an investor to buy a FDAX contract representing 237,500 €. The margin is typically 5-15 percent of the value of the underlying contract, although as in the example above it can be even less. The smaller the margin in relation to the value of the futures contract, the greater the leverage and risk.

If you speculate in futures contracts and the price moves in the direction you anticipated, high leverage can produce large profits in relation to your initial margin. Conversely, if prices move in the opposite direction, high leverage can produce large losses in relation to your initial margin.

Examples:

Account value is EUR 20,000; purchase of 2 EuroStoxx50 at 3,000 points (10 € point value).  
The leverage effect is  $(2 \times 3,000 \times 10 / 20,000) = 3$

Account value is EUR 10,000; purchase of 1 CAC40 at 4,200 points (10 € point value).  
The leverage effect is  $(4,200 \times 10 / 10,000) = 4.2$

Account value is EUR 50,000; purchase of 1 EuroStoxx50 at 3,200 points (10 € point value).  
The leverage effect is  $(3,200 \times 10 / 50,000) = 0.64$

→ A value below 1 indicates no leverage is used on the account.

**ADVICE :** The leverage results from choice. Always be aware of the leverage used before placing an order.

## CME MESSAGE RULE

Based upon the premise that the Exchange platforms are negatively affected when customers send excessive messages (e.g., orders, modifications and cancellations) that do not provide market value, the exchanges can impose monetary penalties upon users in excess of benchmark volume ratios for a given product.

CME can charge clients who continue to send excessive messages via their trading platform a fee of USD 2,000 each time a product benchmark is violated

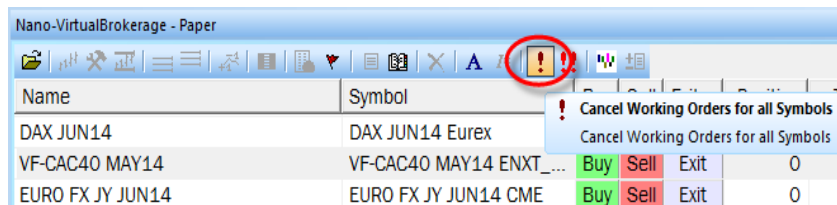
Additional information regarding the CME Globex messaging policy can be found on the CME Group web site:

<http://www.cmegroup.com/globex/resources/cme-globex-messaging-efficiency-program.html>

## CQG: Cancel Orders

In order to prevent excessive messaging CQG has limited the number of orders that can be cancelled per action.

In case you click the “Cancel Working Orders for all Symbols” button and you can still see working orders just wait a second and click the button again.



Depending on the amount of working orders it is possible that you need to do this a few times until all orders are canceled.

## LIMIT RULES – LIMIT UP / LIMIT DOWN

Limit up / Limit down are mechanisms that major exchanges use to stop manipulation or extreme volatility in the markets.

### Limit Up:

This is the maximum amount by which the price of a commodity futures contract may advance in one trading day. The exchange sets this highest limit at which it thinks would be a price that would cause manipulation or volatility. The price varies from commodity to commodity.

Some markets will allow the contracts to resume trading if the price moves away from the day's limit.

### Limit Down:

The opposite of limit up. This is the maximum amount by which the price of a commodity futures contract may decline in one trading day. So it's the lowest amount a commodity can be traded before an exchange halts trading.

Like limit up, the exchange sets the lowest limit at which it thinks would be low price that would cause manipulation or volatility. The lowest price varies from commodity to commodity.

## FAQ:

- Q: Why was my order filled although I cannot see that the stop level was reached in the chart?

- A: In high volatility markets it can happen that the real-time tick-by-tick data provided cannot transfer all ticks at a given time. Patsystems for example can provide up to a maximum of 10 ticks per second. In case you think a tick is missing, you can simply click F6 (only FutureStation) to reload historical price data including all ticks.

Important: The limitation of maximum ticks per second has no negative impact on the order execution as by default orders are placed directly at the exchange and will be executed correctly.

- Q: Why does the volume indicator show differing values between real-time and historic data?

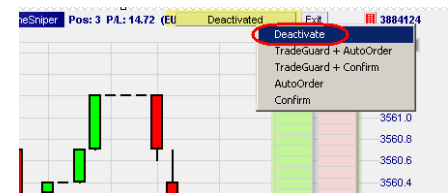
- A: Our real-time tick by tick data provider Patsystems calculates the volume differently by also taking OTC block trades into account. If you think the volume is wrong you can simply click F6 (only FutureStation) to reload historical price data including the original exchange traded volumes.

- Q: Why do I receive an error message when I attempt to close my position using the „FLAT“ button?

- A: TradeGuard places a Stop (Click Stop) and a Limit (Click Target) order to protect your current position (in case TradeGuard is activated with the default study). The exchanges request additional margin for the Limit, and for the market order (to close the position), therefore the account may be overdrawn.

In case you want to close the current position and you do not have the additional margin available you first need to deactivate TradeGuard before you can send a market order to close the position with the FLAT button.

The exchange considers the market order (to close the position) a separate new order and you will therefore get the following error message: **Order rejected due to insufficient margin.** In order to avoid this error you should always deactivate the TradeGuard first:



## FAQ:

- Q: **Can I close the platform when TradeGuard is activated (only FutureStation)?**

- A: No. If you close the platform manually the TradeGuard will be deactivated and the working orders will be cancelled on the server. The platform needs to run in order for TradeGuard brackets to be active on the server (exchange).

- Q: **What happens with my TradeGuard orders after a connection loss (only FutureStation)?**

- A: In this case the TradeGuard orders will remain on the server of the exchange. Please note that in case you have more than one order these will NOT work as OCO orders when TradeGuard is not active.

- Q: **Why is the account value as shown in the trading platform slightly different from what is shown in the statement?**

- A: This is because our clearing partners are converting the account balance into USD for back office purposes. Due to intraday fluctuations of the currency rate you will see slightly different values in the platform than on the statement. This will have no impact on your actual balance. The amount displayed in your daily statements is correct and legally binding.

- Q: **Why is a different average price indicated in the platform for my open position from the day before?**

- A: Open positions are settled every evening by the depository bank by using the settlement price. (Settlement price is the official price established at the end of each trading day by using the range of closing prices for a particular contract). The next day the new average price equals the settlement price of the previous day.

## SUPPORT REQUESTS

Should you ever have a question, remark or objection to any aspect of our services, we request you initially contact our helpdesk on +352 42 80 42 80 or by email [info@whselfinvest.com](mailto:info@whselfinvest.com), as the vast majority of questions can be dealt with at this level.

## COMPLAINTS

In the unlikely event our HelpDesk is unable to resolve your matter it may be referred to our complaint department as a formal complaint. Please set out the complaint clearly in writing either by electronic or regular/registered mail.

The complaints department will carry out an impartial inquiry into your complaint with the main objective of establishing the course of events, of assessing whether the events were dealt with conscientiously and in compliance with our contractual and other obligations. A full response will be issued in writing within 4 weeks after receipt of the complaint.

Please write to:

[complaint@whselfinvest.com](mailto:complaint@whselfinvest.com)

or

WH SelfInvest  
 Complaints Department  
 291 route d'Arlon  
 1150 Luxembourg  
 Luxembourg