



# **Spread Betting Guide**

## Notice, Risk Warning & Disclaimer

### NOTICE

This Betting Guide should be read in conjunction with our Terms & Conditions. Please note that our Terms & Conditions and the various documents referred to therein, form the contract between us and you, therefore you must read them very carefully.

Whilst every effort has been made to ensure the accuracy of the other parts of this Betting Guide, the information given is subject to change, often without notice, and is for guidance only.

### RISK WARNING

Spread betting carries a high level of risk to your capital. You may win or lose many times your original stake. Only bet with money that you can afford to lose. Make sure you fully understand the risks involved, and take advice if necessary. Spread betting may not be suitable for all customers.

### DISCLAIMER

It is the responsibility of the person reading this brochure to ascertain the terms of and comply with any local law or regulation to which they are subject. Whilst Prospreads has made every effort to ensure the accuracy of this brochure, the information given is subject to change, often without notice. It is for guidance only and no liability is accepted by Prospreads for its accuracy or otherwise.

## Contents

### FIRST!

### ABOUT US

#### 1. BETTING

- 1.1 Internet Betting
- 1.2 Telephone Betting

#### 2. MINIMUM BET SIZE

#### 3. ORDER TYPES

- 3.1 Good 'Til Cancelled (GTC)
- 3.2 Limit Orders
- 3.3 Stop Orders
- 3.4 Stop Limit
- 3.5 Market on Open (MOO)
- 3.6 Market on Close (MOC)
- 3.7 Trailing Stops

#### 4. BACK OFFICE

- 4.1 Confirmations
- 4.2 Positions
- 4.3 Statements

#### 5. BET EXPIRY

#### 6. MARGIN

- 6.1 Initial Margin
- 6.2 Variation Margin
- 6.3 Margin Requirements
- 6.4 Equity Balances
- 6.5 Shortage of Equity
- 6.6 Margin Calls
- 6.7 Liquidation/Stop Out Level

#### 7. PAYMENTS

- 7.1 Taxation
- 7.2 Depositing Funds
- 7.3 Withdrawing Funds
- 7.4 Interest on Equity Balances

#### 8. ADMINISTRATION

- 8.1 General
- 8.2 Contract Confirmation
- 8.3 Position Summary
- 8.4 Cash Activity
- 8.5 Summary of Your Financial Position
- 8.6 Queries
- 8.7 Delivery of Statements and Confirmation

#### 9. NOTES

#### 10. CONTACT US

#### 11. FREQUENTLY ASKED QUESTIONS

#### RISK DISCLOSURE

## First!

Prospreads a trading name of Argon Financial Limited is authorised by the Financial Services Commission (FSC) to conduct investment business and is the first company to be issued a spread betting license by the Government of Gibraltar.

Our customers can bet on the major indices, currencies, commodities and equities.  
\*Customers should consult their relevant authorities in respect of personal taxation of betting gains.



## About Us

### OBJECTIVES

The objectives of the Company quite simply are to provide a combination of security and value; the security of client segregated accounts with the value of low costs. To the customer the spread is a transaction cost. ProSpreads narrows the spread and reduces the transaction cost according to the volume of bets made. We maintain that spread relative to the underlying contract bid/offer irrespective of market conditions.

### SERVICE

We provide the platform software at no additional cost. Our prices are a fixed spread made around live market prices. We will deal in the size quoted on your betting platform, subject to sufficient funding of the account. We provide full "back office" function complete with statements and position summaries. Our electronic service is backed up with a Dealing Desk so that you may telephone orders as well.

### EXECUTION ONLY

We provide our service on an "execution-only" basis and clients will only be accepted for "execution-only" business. As such we shall not advise or exercise any judgment on your behalf nor can you request any such advice or judgment as to the suitability of bets. Our service is aimed only at clients who have sufficient experience in trading in, or betting on financial instruments and/or commodities, or equities.

### CLIENT DEPOSITS

ProSpreads is required to hold your money in an account that is segregated from the company's own funds in accordance with the regulations of the FSC, but this may not afford complete protection.

Client money will be deposited into a client money bank account opened at a Regulated Bank. In the event that ProSpreads were to become insolvent all client money held in the third party bank account would be protected. Please refer to the Risk Warning for further details.

## 1. Betting

### 1.1 INTERNET BETTING

Our service provides clients with the capability to execute spread bet trades simply by clicking on our latest dealing price. We expect to provide an execution speed of less than a quarter of one second.

We provide a full back office and position keeping service to help you keep track of your bets. Our software user guide explains how to use the betting platform. Our support staff are available to help over the telephone.

### 1.2 TELEPHONE BETTING

If you are conducting your betting over the telephone, before calling the dealing room you must:

- Identify your account number;
- Identify your password.

All calls are monitored. £2.00 per lot for Futures/Commodities will be charged to your account for all telephone transactions.

## 2. Minimum Bet Size

The minimum size for any bet is the equivalent of 1 lot in the underlying security.

## 3. Order Types

### 3.1 GOOD 'TIL CANCELLED (GTC)

Conditional Orders can also be placed as Good 'Til Cancelled. A Good 'Til Cancelled (GTC) order means that your order will remain in the market until it is either executed according to the terms of that order, or is cancelled by you.

### 3.2 LIMIT ORDERS

Limit Order (an order to open a specified position in a specified market, if the market should reach a specified price).

### 3.3 STOP ORDERS

Stop profits or stop loss order (an order to close a specified open position in the event that the price moves for or against you to a specified level).

### 3.4 STOP LIMIT

Stop Limit order (same as 3.3 but with a price limit on the stop).

### 3.5 MARKET ON OPEN (MOO)

Market on open order. (MOO) (an order placed which asks us to transact with you a bet on the day on which the order is placed, at the opening of the underlying futures market, at the opening price plus or minus our spread. This type of order can only be accepted through our dealers and not via the betting platform).

### 3.6 MARKET ON CLOSE

Market on close order (MOC) (an order placed which asks us to transact with you a bet on the day on which the order is placed, at the closing of the underlying futures market, at the closing price plus or minus our spread. This type of order can only be accepted through our dealers and not via the betting platform).

### 3.7 TRAILING STOP

A stop which will move in the direction of a winning position, enabling a user to lock in profits.

## 4. Back Office

### 4.1 CONFIRMATIONS

Clients will have an electronic ticket confirmation on execution of all orders. All telephone trades are confirmed back to the client verbally on execution and automatically given up to their account.

### 4.2 POSITIONS

Clients are able to view their positions at any point in real-time, as well as all trades, orders, and pending orders.

### 4.3 STATEMENTS

Clients will be e-mailed their statement on a daily basis.

## 5. Bet Expiry

Each open bet will have an expiry date that is set in relation to that bet at the time when it is opened.



## 6. Margin

### 6.1 INITIAL MARGIN

Initial Margin is the initial deposit required to open a position on a bet with us once you have opened your account.

### 6.2 VARIATION MARGIN

Variation Margin is the difference in margin requirement once you have opened a position, and provides for trading profits and losses. The sum of Initial and Variation Margin must never exceed what you have in your account.

### 6.3 MARGIN REQUIREMENTS

Different products have different Initial Margin requirements. These can be found on our website.

### 6.4 EQUITY BALANCES

Clients may deposit funds in either Pounds Sterling, US Dollars or Euros, although the Net Liquidating Balance will always be calculated on the basis of Pounds Sterling. During the trading day your account balance(s), including all open positions, are valued against the underlying market price. Therefore your account balance is constantly calculated in-line with market movements. This balance is calculated at the end of the day using the underlying futures market official settlement price.

This account balance is used to assess your available margin against current positions, and potential new positions you may wish to take. The balance is used to establish if there is a requirement for additional margin deposits on your account.

It is your responsibility to ensure that your account is sufficiently margined at all times, especially during volatile market conditions.

### 6.5 SHORTAGE OF EQUITY

A shortage in equity occurs when the Initial and Variation Margin of your open positions exceeds your account balance. If your account has a shortage in equity you should reduce your open positions until your account is cash positive.

## 6. Margin

### 6.6 MARGIN CALLS

Prospreads does not provide credit under any circumstances. If the market moves against you and have a shortage of equity, you must:

- close one or more of your open bet(s), in order to reduce your Initial Margin/Variation Margin requirement to the required level; and/or
- remit further funds to your account.

### 6.7 LIQUIDATION/STOP OUT LEVEL

If our Risk Managers determine that the margin applied to your open positions exceeds what you have in your account, your open positions may be automatically closed out or liquidated.

You will be liable for any loss on the account as a result of any such liquidation. Once the stopout level has been triggered, you will not be allowed to trade on your account until the account is restored to the required level.

Margin calls can be made at any time during the day.

## 7. Payments

### 7.1 TAXATION

In certain jurisdictions spread betting profits are tax free; customers should consult their relevant authorities in respect of personal taxation of betting gains.

### 7.2 DEPOSITING FUNDS

Clients may deposit funds via debit card, credit card or bank transfer. All funds must be cleared funds on your account before they are made available for your equity balance. Prospreads does not accept cash payments.

Please note that any cheque or transfer that you affect must be made from a bank account in your name.

### 7.3 WITHDRAWING FUNDS

Funds may be withdrawn from your account at any time, by giving 24 hours notice, provided however that they are not being utilised for margin purposes, and will only be returned to the source account from which the original deposit was made.

### 7.4 INTEREST ON EQUITY BALANCES

No interest will be paid on account balances.

## 8. Administration

### 8.1 GENERAL

Every day, we will send you confirmation of your betting and positions. The confirmation is made up of four main sections:

- Contract Confirmation
- Cash Activity
- Position Summary
- Summary of your Financial Position

At the end of each month, we shall send you your monthly statement detailing:

- Summary of your Financial Position
- Position Report
- Ledger activity/Cash Balances for the Month

### 8.2 CONTACT CONFIRMATION

A contract confirmation will list all the transactions you have made on that day detailing:

- The 'Order Number' for the transaction
- The amount of lots bet
- The contract month of the transaction
- The price at which the bet was placed

### 8.3 POSITION SUMMARY

This section will list all your forward open positions and value these open positions at the settlement price.

### 8.4 CASH ACTIVITY

Ledger Activity will show all activity on your account. It is broken down into a number of components. These are as follows:

- Payments In/Out
- Profit/loss from transactions
- Receipts
- Other sundry journal entries

## 8. Administration

### 8.5 SUMMARY OF YOUR FINANCIAL POSITION

It is very important that you are aware of your daily equity balance, your margin requirement for your open position(s), and any free equity available.

### 8.6 QUERIES

All queries in relation to the above should be made to our Admin department on +350 2004 7314.

### 8.7 DELIVERY OF STATEMENTS AND CONFIRMATIONS

Prospreads will send all communications, including contract confirmations, daily and monthly statements, margin call etc. in electronic form.

You must ensure that you notify Prospreads promptly of any changes to the contact details that you initially provide which affect your e-mail, telephone number or address. Our primary point of contact with clients is via e-mail. It is your responsibility to ensure that we have your correct e-mail address at all times.

## 9. Notes

1. The transaction cost is the spread ProSpreads makes around the underlying market price. It is the cost to you the client of transacting 1 lot (a buy or a sell), with ProSpreads
2. This transaction cost is always expressed as a spread

## 10. Contact Us

Registered Office:	<b>Argon Financial Limited , 3rd Floor, Leisure Island Business Centre, Ocean Village, Gibraltar</b>	
Private Limited Company No:	<b>91368</b>	
Operating Premises:	<b>Argon Financial Limited, 3rd Floor, Leisure Island Business Centre, Ocean Village,</b>	
General Numbers:	<b>Gibraltar Switchboard</b>	+350 2004 7310
		+44 (0) 203 370 6220 (UK)
	<b>Fax</b>	+350 2004 7311
Direct Numbers:	<b>Dealers</b>	+350 2004 7312
		+44 (0) 203 370 6223 (UK)
	<b>Cust. Support/Admin</b>	+350 2004 7313/4
		+44 (0) 203 370 6222/4 (UK)
Email Addresses:	<b>Switchboard</b>	enquiries@prospreads.com
	<b>Dealers</b>	dealers@prospreads.com
	<b>Customer Support</b>	support@prospreads.com
	<b>Admin</b>	admin@prospreads.com



## 11. Frequently Asked Questions

**Q. Does ProSpreads vary the spread according to market conditions?**  
 A. No, we offer a fixed spread relative to the bid/offer of the underlying contract. We deal in the size quoted from the underlying market.

**Q. How will I be classified?**  
 A. ProSpreads will classify you as a Retail Client, Professional Client or Eligible Counterparty. The greatest degree of protection is afforded to Retail Clients. You will be notified of your categorisation when you open an account. ProSpreads may re-classify you, and it is possible for you to request re-classification. Either way ProSpreads would require your written consent, or ProSpreads will enter into a new written agreement with you. If you have been categorised as a Professional Client or an Eligible Counterparty you are entitled to request that you be re-categorised. However, it is your responsibility to ask for this.

When considering your application, classifying and dealing with you, ProSpreads relies on information that you provide. If there is any material change in that information it is your responsibility to advise Prospreads in writing, e.g.: change in address, country of residence, contact details, employment, financial situation etc. In particular, if you are a Professional Client you are responsible for keeping Prospreads informed about any change that could affect your current categorisation.

**Q. Are client monies segregated?**  
 A. ProSpreads is required to hold your money in an account that is segregated from the company's own funds in accordance with the regulations of FSC, but this may not afford complete protection.

**Q. Is Prospreads regulated by a Regulatory Body?**  
 A. Yes. ProSpreads is a trading name of Argon Financial Limited who are licensed by the government of Gibraltar and regulated by Gibraltar Gambling Commissioner (Gaming Licence No. 70) and authorised and regulated by the Financial Services Commission.

**Q. How do I open an account to spread bet with Prospreads?**  
 A. All you need to do is complete an application form, either online or in hard copy format. We require the original, complete with the necessary due diligence documents, to be returned to us. ProSpreads is only able to accept as a client those who it classifies as having sufficient experience of trading or betting in financial markets. The minimum balance to maintain an account is £1,000 or equivalent amount in Euros or Dollars. When our Compliance Officer is satisfied that the criteria to open an account is met, our support staff will contact you to assist you in downloading our software.

**Q. What markets can I bet on?**  
 A. A full list of markets can be found under Financials/Commodities Market Information.

**Q. Can I bet outside market hours?**  
 A. No. ProSpreads does not offer prices outside of the underlying market hours. ProSpreads has its own trading hours, details of which are listed in the market information sheets.

**Q. Is betting over Secure Socket Link (SSL) secure?**  
 A. Yes. ProSpreads uses software that utilises highly sophisticated encryption.



## 11. Frequently Asked Questions

**Q. Can I bet over the telephone as well as the SSL?**

A. Our primary focus is on electronic betting. However we appreciate that there are times when clients may only be able to telephone bets, and we have a dealing desk for this purpose. All calls are monitored. £2.00 per lot for Futures/Commodities will be charged to your account for all telephone transactions.

**Q. Can ProSpreads dealers advise me on positions?**

A. No. We are unable to provide any investment advice and restrict our activities to execution only.

**Q. What currency are bets denominated in?**

A. Bets are denominated in the currency of the underlying market security. Full lists of markets can be found in the market information sheets.

**Q. How can I view my open bets and statement of account balance?**

A. Prospreads will e-mail clients their daily statement. Alternatively all open bet positions can be viewed via the betting platform, or by calling our back office on VoIP or telephoning +350 2004 7313.

**Q. Are my risks limited?**

A. No. Only speculate with money you can afford to lose. Spread betting trading typically requires the deposit of a small percentage of the total trade value. As the financial outcome is determined by the price movement on the total trade value, profits and losses can exceed the initial deposit. Make sure you fully understand the risks involved, and take advice if necessary. Spread betting may not be suitable for all customers.

**Q. How are the margin requirements calculated?**

A. Margin requirements for our products are listed on our market information sheets.

**Q. Will ProSpreads contact me for margin calls?**

A. ProSpreads will endeavour to contact its clients for more margins when the need arises; however, it is always the responsibility of the client to make sure they have enough free equity to hold their open positions. Should a client's position prove untenable then liquidation or stop loss orders may be placed on the account to close positions automatically and in some cases prior to and therefore instead of the creation of any margin call notice. Clients must ensure that the telephone numbers supplied to ProSpreads are current and operative.

**Q. Does ProSpreads charge commission on electronic betting?**

A. No. We derive our income from making a spread around the price of the underlying security.

**Q. Do I need to pay tax on any betting profits made with ProSpreads?**

A. ProSpreads has been granted a license by the Government of Gibraltar to conduct Spread Betting on financial instruments. Our license is specific to spread betting. In certain jurisdictions spread betting profits are tax free; customers should consult their relevant authorities in respect of personal taxation of betting gains.

**Q. What is the minimum amount I can bet on each instrument in each financial market?**

A. The minimum size for any bet is the equivalent of 1 lot in the underlying security for Financials/Commodities.

## Risk Warning

ProSpreads is a trading name of Argon Financial Limited; licensed by the Government of Gibraltar and regulated by the Gibraltar Gambling Commissioner (Gaming License No 70) and authorised and regulated by the Financial Services Commission. This notice is provided to you in compliance with FSC requirements because you are proposing to undertake dealings in contracts for differences in the form of bets with a firm, which is carrying on investment business. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in contracts for differences in the form of bets. Engaging in this type of transaction can carry a high risk. As these transactions differ markedly from normal (or "fixed odds") bets, you should not engage in this form of betting unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. The amount that you may win or lose will vary according to the extent of the fluctuations in the price of the underlying markets on which the bet is based instead of a sum pre-determinable when a normal (or "fixed odds") bet is placed.

Spread betting trading typically requires the deposit of a small percentage of the total trade value. As the financial outcome is determined by the price movement on the total trade value, profits and losses can exceed the initial deposit. Make sure you fully understand the risks involved, and take advice if necessary. Spread betting may not be suitable for all customers.

You should also be aware that Prospreads deems you to possess the experience, knowledge and expertise to make your own investment decisions and properly assess the risks they incur.

Prior to applying for an account you should consider carefully whether spread betting is suitable for you in the light of your circumstances and financial resources. In considering whether to engage in this form of betting, you should be aware of the following:

- The high degree of "gearing" or "leverage" is a particular feature of this type of transaction. This stems from the margining system applicable to such bets, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your bet. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss over and above your initial deposit.

- You may be called upon to deposit substantial additional margin, at short notice, to maintain your bet. If you do not provide such additional funds within the time required, your bet may be closed at a loss and you will be liable for any resulting deficit.

- Such transactions will not be undertaken on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The betting structure and betting rules will be established solely by the counterparty. You will only be able to close an open bet of any given contract during the opening hours of ProSpreads, which are detailed in this website. You will have to close any bet with the same counterparty with whom it was originally entered into.

- Where entering into such transactions, ProSpreads must do so under a two-way Customer Agreement and documents incorporated by reference therein pursuant to the FSC Conduct of Business rules. You should satisfy yourself that dealing is conducted throughout in strict conformity with the Terms & Conditions and report to the FSC if you have reason to believe it is not.

- Prospreads will not provide you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimised.

- ProSpreads is required to hold your money in an account that is segregated from the company's own funds in accordance with the regulations of FSC, but this may not afford complete protection. If you deposit collateral as security with ProSpreads you should ascertain from ProSpreads how your collateral will be dealt with.

- Your business with ProSpreads may be covered by the Gibraltar Investor Compensation Scheme ("GICS"). ProSpreads is a participant in the Gibraltar Investor Compensation Scheme. Payments under the Scheme are limited to 90% of a client's total eligible investments which qualify for compensation under the Act subject to a maximum payment to any one client of €20,000. Further details of the Scheme are available on request by emailing [compliance@prospreads.com](mailto:compliance@prospreads.com)

- Client money will be deposited into a client money bank account opened at a UK Tier 1 Bank. In the event that ProSpreads were to become insolvent all client money held in the third party bank account would be protected. In the event that the third party bank was to become insolvent you may be entitled to compensation from the UK Financial Services Compensation Scheme ("UK FSCS") if the third party bank were unable to meet their obligations. This depends on the type of business you undertake, your status, and the circumstances of the claim. Most types of investment business are covered for up to £50,000 (which is the maximum level of compensation). For further information about compensation arrangements this is available from the UK FSCS. You can contact the FSCS by writing to them at 7th Floor, Lloyds Chambers, Portsofen Street, London, E1 8BN, or by emailing them at the email address provided on the Financial Services Compensation Scheme website at [www.fscs.org.uk](http://www.fscs.org.uk)

- If you have reason to believe that Prospreads is not acting in accordance with representations that it has made to you, the terms of your Customer Agreement or the rules of the FSC, you should report it in writing to the Compliance Officer, Prospreads, 3rd Floor, Leisure Island Business Centre, Ocean Village, Gibraltar. If you have not received a satisfactory written reply within 10 working days of our receipt of your complaint, you should report the matter to the Financial Services Commission, PO BOX 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar, telephone number +350 2004 0284.

Prospreads, 3rd Floor, Leisure Island Business Centre, Ocean Village, Gibraltar. Tel: +350 2004 7310, email: [enquiries@prospreads.com](mailto:enquiries@prospreads.com)

V1.1 April 2012


ProSpreads is a trading name of Argon Financial Limited; a company authorised and regulated by the Financial Services Commission in Gibraltar; licensed as a gaming company by the Government of Gibraltar and regulated by the Gibraltar Gambling Commissioner



V1.1 April 2012

ProSpreads is a trading name of Argon Financial Limited; a company authorised and regulated by the Financial Services Commission in Gibraltar; licensed as a gaming company by the Government of Gibraltar and regulated by the Gibraltar Gambling Commissioner





**Prospreads** 3rd Floor,  
Leisure Island Business Centre,  
Ocean Village,  
Gibraltar.