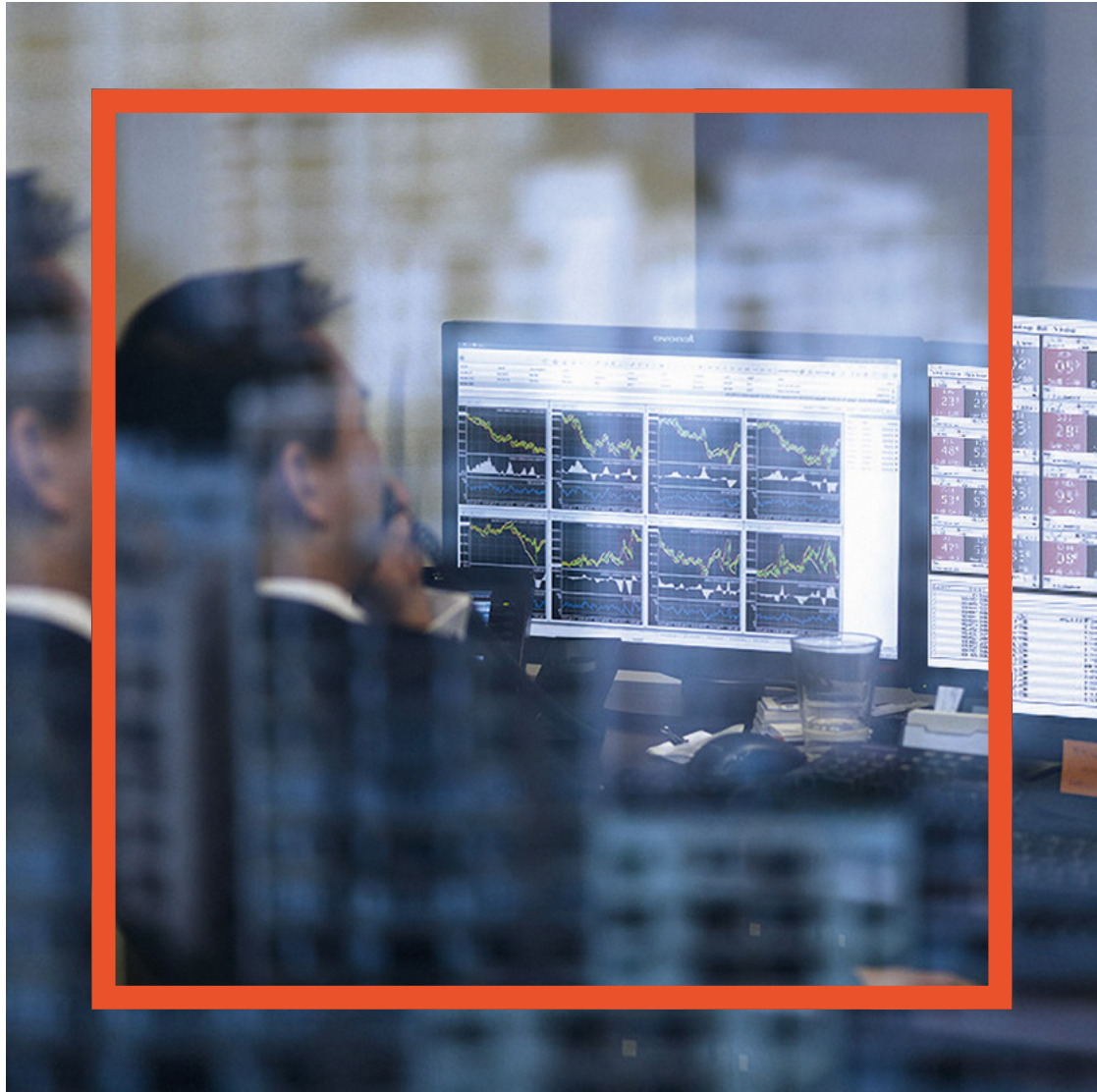# Trading Console
User Guide

Swissquote Bank

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Quick overview

Main Screen — quick description
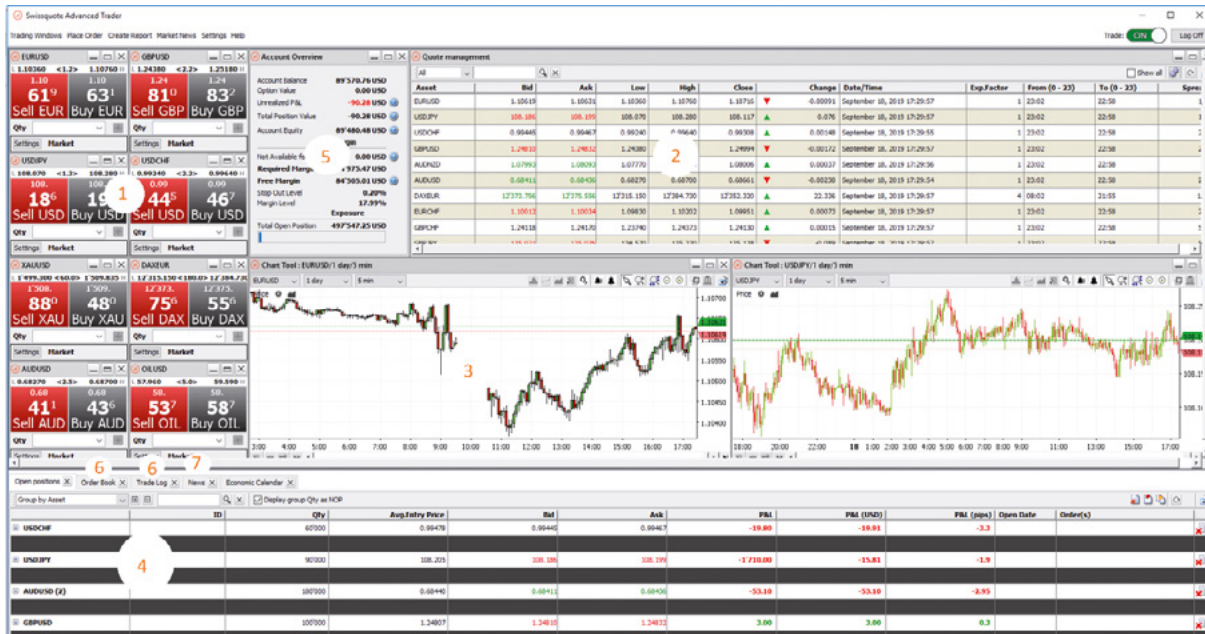
1. Trading Boxes
One box for each currency pair. View real time bid/ask rates. Click on the BUY or SELL to execute a trade.

2. Live Trading Quotes
View a list of real time best bid/ask quotes as well as today's highs/lows, etc.

3. Chart Tool
Real time charts on all currency pairs. Many customisable technical analysis tools are accessible.
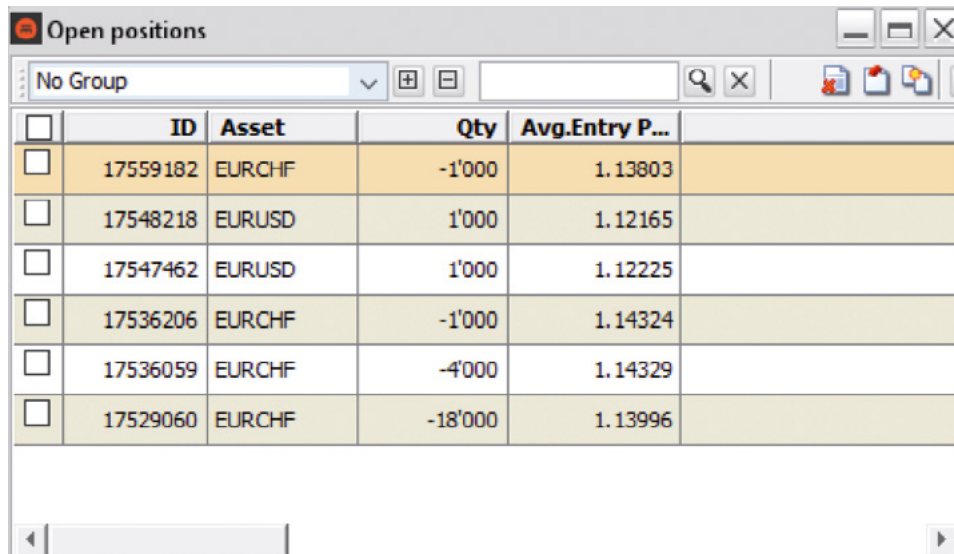
4. Open Positions (details)
Real time summary view of all open positions. Place orders linked to the selected position or close selected position.

5. Account Overview

View real time information about margin, P&L and account balances.

6. Order book & Trade Log

View real time information about all open trades, as well as trades that have been closed out during the selected period. Create new, cancel or modify orders.

	ID	Asset	Qty	Avg.Entry P...	
☐	17559182	EURCHF	-1'000	1.13803	
☐	17548218	EURUSD	1'000	1.12165	
☐	17547462	EURUSD	1'000	1.12225	
☐	17536206	EURCHF	-1'000	1.14324	
☐	17536059	EURCHF	-4'000	1.14329	
☐	17529060	EURCHF	-18'000	1.13996	

7. Market News

View containing the latest news published.

Market News

This view is composed of a folder containing the latest published news. The second folder contains archives that provide specific search criteria to retrieve particular kinds of published news.
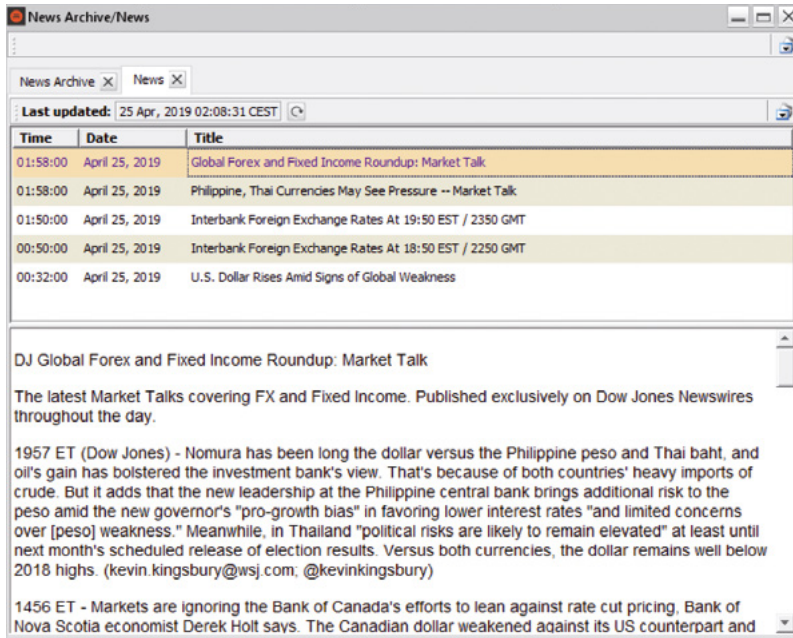
Reporting

Five kinds of statements are available in the SWISSQUOTE BANK trading console: «Account Statement», «Account Summary», «Transactions Summary», «Closed Trades», and «Today's Activity».

The «Account Statement» displays returns the balance of the trading account, the list of all open positions and the list of pending orders.

The «Account Summary» displays all the cash movements on the account and details the origin of such movements: type of transaction (Forex trade, deposit/withdrawal, overnight swap, etc.). For example, the P&L report contains the information of the entry and close price, the (historical) exchange rate between the currency of the P&L reporting and the reference currency of the account.

The «Transaction Summary» displays the list of all transactions grouped by «transaction-type» undertaken on that trading account. These order types include Forex trades, Overnight Swap (Rollovers-) operations, etc...

The «Closed Trades» displays the list of all booked orders grouped by Order-Id (=Ticket) with the amount, bid & ask values and P&L for each currency pair traded.

The reports for «Account Summary» «Transaction Summary» and «Closed Trades» can be generated by selecting a period of activity. By default the current month is selected.
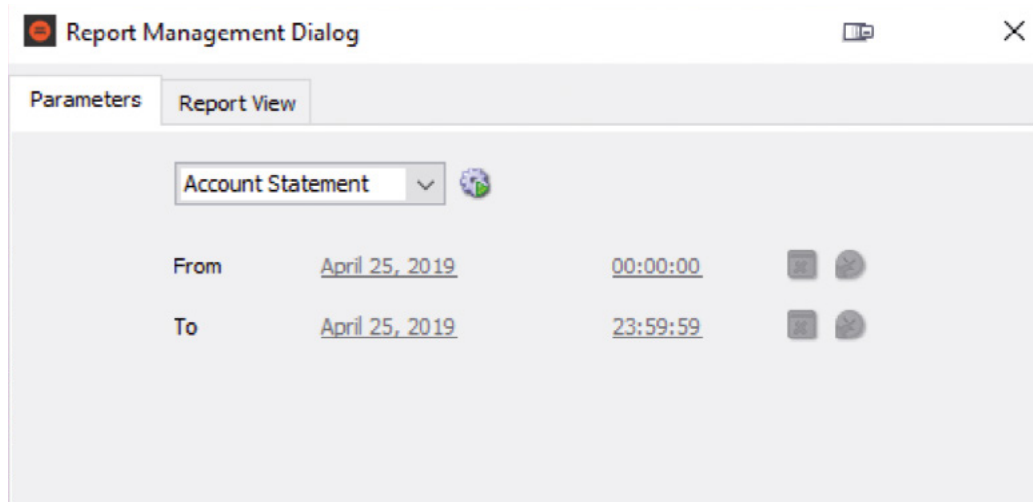
The report for «Today's Activity» is a daily amalgamation of both the «Transaction Summary» and the «Account Summary»

Please carefully review all transactions on this statement and report any differences immediately. The failure to report differences within **30 minutes** after a difference has occurred will be considered as an agreement that this statement is correct and ratified. Swissquote Bank Ltd reserves the right to annul transactions made online by a customer within the space of **48 hours** after the transactions were made.

Trade execution

Market Order

A market order (Spot) is an order to buy or sell at the current best available market price. Customers using Swissquote Bank's online trading platform click on the buy or sell button after having specified their deal size. The execution of the order is instantaneous.

The most common way to place a market order (Spot) is to use the trading box. The real time bid/ask prices appear in the trading box for each currency-pair. A client only needs to click on the current bid or ask offer for execution of the trade.

Click to SELL at current bid

Click to BUY at current ask

Permit to place SPOT orders as Market Best

The first step to submitting an order is to select an amount from the proposed drop-down list.

The 'quantity' dropdown box can be edited so that the client can specify their desired amount, which must be a multiple of the lot. The second step is to click one of the prices to sell or buy at the proposed price.
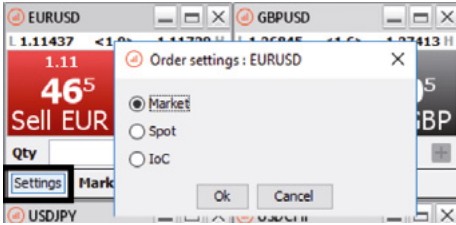
By clicking on Settings button, the customer can to choose Market order (execution guaranteed), Spot order (Limit FoK) or limit IoC (where the price is guaranteed but the quantity can be less than what has been asked depending on the market conditions). Orders are all answered instantaneously and the order is either executed or rejected.
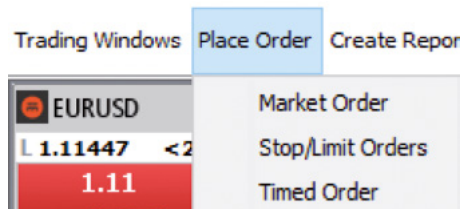
A green box confirms the deal was executed. A red box will contain the reason for which the trade has not been executed.
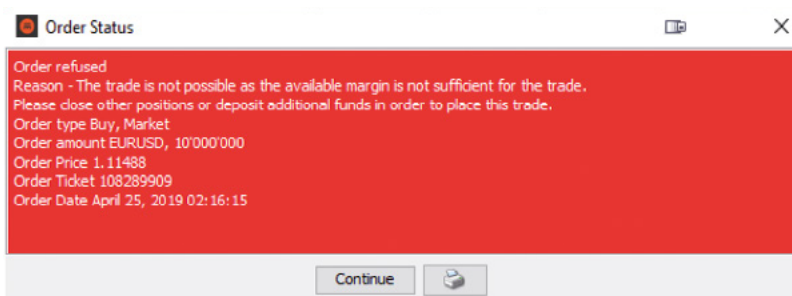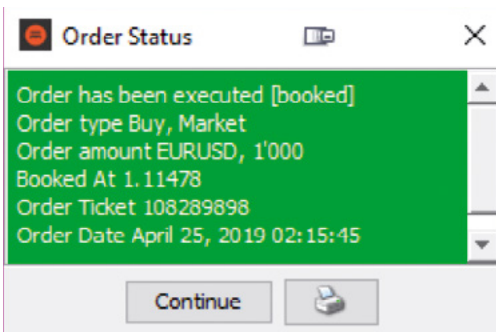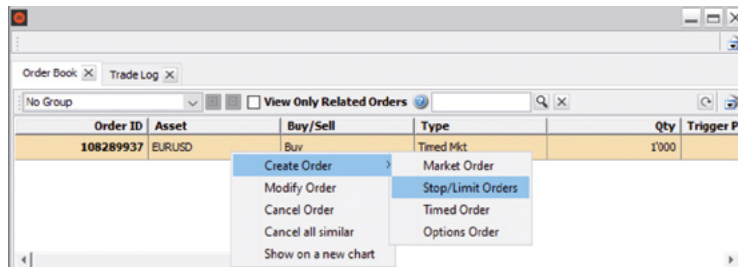
Entry Orders

The client is offered two possibilities for placing an **entry** order.

The client may either choose the desired type of order in the menu «Place order» drop down menu

or by right-clicking in the view «Order List»

The description of each order type is then shown in the next section.

Limit Orders

A limit order is an order placed to buy or sell at a certain price. The order essentially contains four variables: price, duration, direction and size. The trader specifies the price at which they wish to buy/sell a certain currency pair, specifies the **Expiration Type** (the amount of time that the order should remain active) and the size of the order.

GTC (Good till cancelled): A GTC order remains active in the market until the trader decides to cancel it. The dealer will not cancel the order at any time therefore it is the client's responsibility to remember that the order is in place.

GFD (Good for the day): A GFD order remains active in the market until the end of the trading day. Since foreign exchange is an ongoing market, the end of day must be a set hour. For Swissquote Bank the end of the trading day occurs at exactly 23:00 CET.

Note here that our trading system will only validate limit buy orders with a limit price below the actual market price. For sell orders the limit should be higher than the market price. If these rules are not respected the platform will reject the order and return an error message to the trader, with an indication of which direction it is possible trade.

Stop Orders

A stop order is an order to buy or sell when a specific price is reached, either above (on a buy) or below (on a sell) the price when the order was given. A stop order to buy is always at a higher price than the current market price. It is typically used to protect a profit or limit a loss on a short position. A stop order to sell is always at a lower price than the current market price. It is typically used to protect a profit or limit a loss on a long position.

Stop orders are also used by traders for trend continuation strategies. A buy stop order is placed when the trader believes that if the price moves upwards and reaches their stop order value, the price will continue its trend and continue upwards. Similarly, with a sell stop order, the trader believes that if the price moves downwards and reaches their stop order value, the price will continue its trend and continue to move downwards. This differs from a Limit order in which the trader believes the opposite price behavior will happen once their order value is reached.

The order contains the same two variables, **Amount** and **Expiration Type**. The same variations are used to specify the expiration as in limit orders (GTC and GFD).

Let's look at the following examples:

Example: Trader X buys EURUSD 100'000 @ 1.0930, expecting a 60 to 70 pips move in the market, but wants to safeguard against an overestimation of the potential strength of the Euro. Trader X knows that 1.0900 is a strong support level and therefore places a stop loss order to sell at that level. Trader X has limited the risk on this particular trade to 30 pips or 300 USD.

Another use for a stop order is when a trader is expecting a price breakout to occur and wishes to grasp the opportunity to 'ride' the breakout. In this case a trader will place an stop order to buy or sell. To illustrate the logic behind this, let's review the following scenario:

Example: Trader X sees EURUSD breaking through the 1.11540 resistance level. He believes that if this happens, the price of EURUSD could head to 1.1300 and over. At this point the market is at 1.11000 so Trader X places a stop order to initiate a buying position of 100'000 at 1.11540.
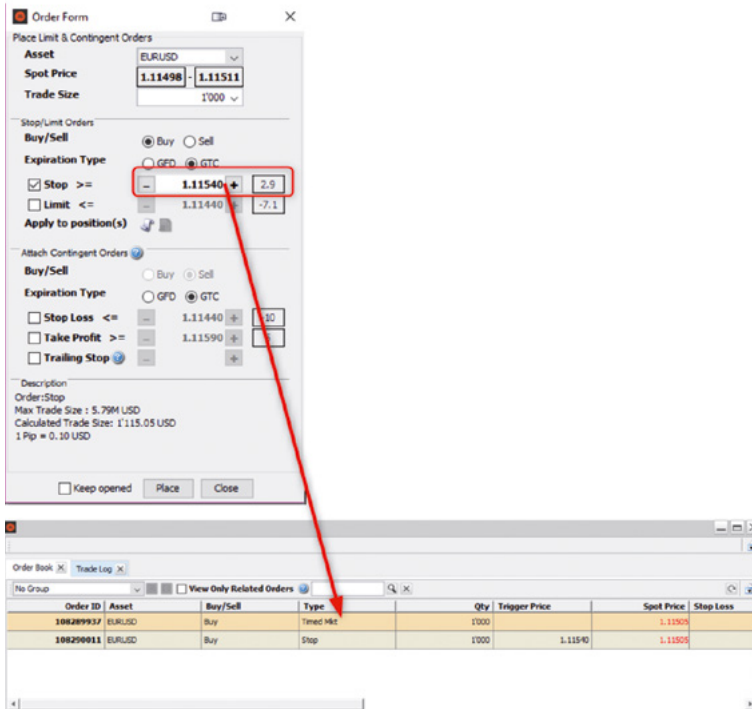
Note here that the platform will only validate a buy stop order with a trigger greater than the market price and validate a sell stop order with a trigger price less than the market price. When these rules are not respected, the platform will reject that order and return an error-message to the client, with an indication of which direction it is possible to trade.

Algo Trading Orders

For sophisticated clients, we offer a new order type called a Sequential order. This allows clients to place multiple orders of the same amount, all spaced out by a fixed pip distance (similar to an iceberg order this allows clients to scale into a larger position without substantial market impact). All individually opened positions can be affiliated with stop loss, take profit or OCO orders.

Trailing Stop Orders

Trailing stop orders are similar to stop orders except they have an additional order parameter to specify the Trailing Points, which is the number of pips from the current rate at which you want the stop loss order to execute. The advantage of a trailing stop is that the order automatically «trails» the rate if the position moves in the trader's favor, offering the potential for greater gains while still guarding against price declines.

In the example below, the market rate is 1.09786 and the Trailing Stop is set to 100 pips. Assume that the position would be opened at 1.1000 by the IF order section. The buy stop order will be filled if EURUSD ask reaches 1.1000. If EURUSD moves in the trader's favor, e.g. up 100 pips, the stop order will automatically adjust from 1.08988 to 1.09988 - always 100 pips from the market rate after the IF section execution.

Technically speaking, the only difference with a normal stop order is that the stop price changes as the order «trails» the market price action in the trader's favor.
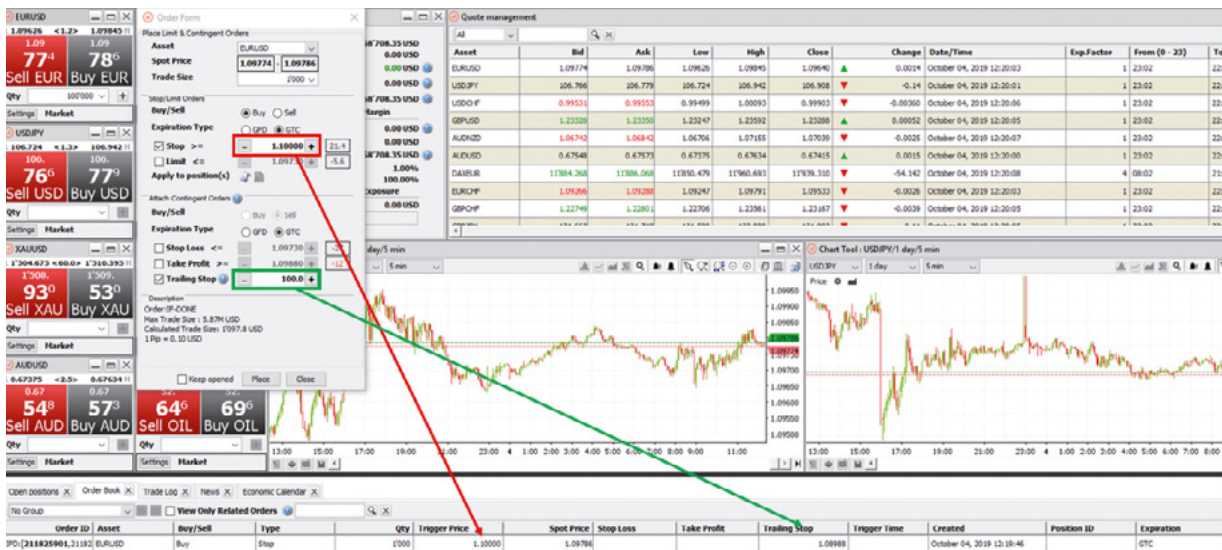
Related Orders

At this point, we will present how the use of related trade orders to link orders to help to create more complex trading strategies. OCO (order cancels others) and IF DONE orders (also known as slave orders) are typically used in that context.

OCO (order cancels other)

An **OCO** order is a mixture of one limit and one stop order. Two orders with price and duration variables are placed above and below the current price. When one of the orders is executed, the other order is cancelled. To illustrate how an OCO order works let's take the following example: The price of EURUSD is 1.11513.

Trader X wants to either sell 1'000 at 1.11513 below the resistance level in anticipation of a breakout or initiate a selling position if the price reach 1.11470.

IF DONE

Two-legged order whereby the second single order (stop loss or take profit) is placed only upon execution of the first single order.

IF DONE / OCO

This is a variation of the IF DONE order whereby an OCO (stop loss and take profit, where the execution of one order cancels the other order) is placed after the order in the IF section has been successfully executed.

Modifying or Canceling orders

Each pending order can be canceled or edited in order to modify parameters. From the «Order book & Trade Log» view, right click on the order and select the appropriate action.

Cancel Order

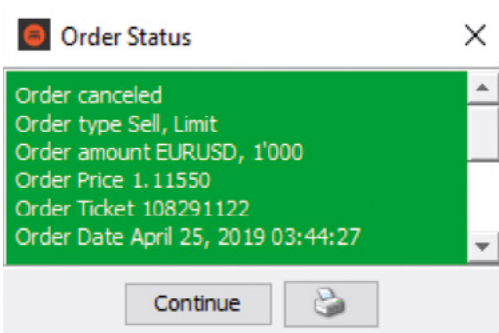By right-clicking on «Cancel Order», the trader will be prompted to confirm the cancellation of the trade. The pending order is then removed from the order queue and will no longer be executed. The following confirmation message is displayed to the trader:

Modify Order

By right-clicking on «Modify Order», the appropriate order editor is displayed and all parameters can be modified.

Click the «Place» button to validate the modifications and replace the old order with the new one in the system. Attention is required, as long as the order has not been (re)placed, the old one is still valid.

Modifying a simple
Stop order

Modifying an IF –DONE
OCO order

OTC FX OPTIONS TRADING

General Information

A foreign exchange option (commonly shortened to just FX option or currency option) is a derivative financial instrument that gives the right but not the obligation to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date.

For example, a GBPUSD OTC FX options contract could give the owner the right to sell £1'000'000 and buy $1'300'000 on December 31. In this case the pre-agreed exchange rate, or strike price, is 1.3000 USD per GBP (or GBP/USD 1.30 as it is typically quoted) and the notional amounts (notionals) are £1'000'000 and $1'300'000.

This type of contract is both a call on dollars and a put on sterling, and is typically called a GBPUSD put, as it is a put on the exchange rate

If the rate is lower than 1.3000 on December 31 (say 1.2500)' meaning that the dollar is stronger and the pound is weaker, then the option is exercised, allowing the owner to sell GBP at 1.3000 and immediately buy it back in the spot market at 1.2500, making a profit of 50'000 USD in the process ((1.3000 GBPUSD – 1.2500 GBPUSD) × 1'000'000 GBP)

Another example, a EURUSD OTC FX options contract could give the owner the right to Buy €1'000'000 and sell $1'150'000 on December 31. In this case the pre-agreed exchange rate, or strike price, is 1.1500 USD per EUR (or EUR/USD 1.15 as it is typically quoted) and the notional amounts (notionals) are €1'000'000 and $1'150'000.

This type of contract is both a put on dollars and a call on Euros' and is typically called a EURUSD call' as it is a call on the exchange rate.

Swissquote Bank allows for OTC FX options to be bought or sold.

Buying an OTC FX Option

When buying an option the client has to pay the full premium in cash. The premium is debited from their account balance. The current value (positive) of the bought options position is displayed in option value and any option value not available as margin collateral is shown in not available for margin.

1. Under place order, select Options order
2. On the FXO order module select buy and set all the options parameters (Amount, Strike, Expiration)
3. Press RFQ to get a quote
4. Press trade to buy the option

Example: Bought Call

Before buying the call I have a balance of 7'793.65 USD

I request the price of a EURUSD call strike 1.1570 expiration 13.3.2019 for 10'000 EUR and I am quoted a premium of 0.03013 which translate into a premium value of 301.30 USD (0.03013 * 10'000)

After the transaction, my new balance is 7'492.35 USD (7'793.65 USD − 301.30 USD)

The option value of 298.10 USD represents the market value of the option and it is calculated by multiplying the current market price (bid) * Qty. (0.02981 *10'000 = 298.10 USD)

«Not available for margin» is a percentage of the options value that cannot be used for margin purposes on bought options. In the example above, not available for margin of -149.05 USD is subtracted from your account equity, and hence, your available margin to trade is 7'641.40 USD (7'790.45 – 149.05).

As a client you can view your positions P&L on the open positions, as shown below.

Finally, you will see that margin required and total open positions are zero in value. This is because bought OTC FX options do not have any margin requirements.

Selling an OTC FX Option

When selling an option the client receives the full premium in cash. The premium is credited to the account balance. The current value (negative) of the sold options position is displayed in option value and any margin required is shown in margin required and total open positions
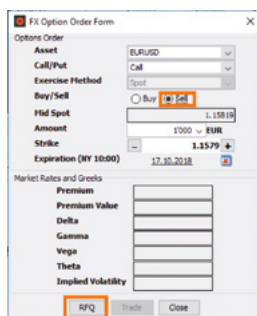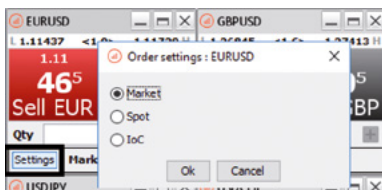
1. Under place order, select Options order
2. On the FXO order module select sell and set all the options parameters (Amount, Strike, Expiration)
3. Press RFQ to get a quote
4. Press trade to sell the option

Example: Sold Call

Before selling the call I have a balance of 7'803.45 USD

I request the price of a EURUSD call strike 1.1700 expiration 15.5.2019 for 10'000 EUR and I am quoted a premium of 0.03210 which translate into a premium value of 321.00 USD (0.03210 * 10'000)

After the transaction, my new balance is 8'124.45 USD (7'803.45 USD + 321.00USD)

The option value of -322.20 USD represents the market value of the option and it is calculated by multiplying the current market price(ask) * Qty. (0.03222 * -10'000 = -322.20 USD)

As a client you can view your positions P&L on the open positions.

Finally, you will see that margin required and total open positions have values attached to them. This is because sold OTC FX options do have margin requirements.

Expiry

European-style options can only be exercised on the expiry date. Expiry is an automatic process, meaning you do not have to call in to manage the exercise or expiry. If the option is in the money it will automatically converted into a spot (underlying) position. If the option is out of the money, the option will automatically expire at 10am Eastern Standard Time (New York cut) on the expiry date.

Open positions

A position is deemed 'open' if it has not been offset by an equal and opposite deal (if hedging is deactivated). An open position is defined primarily by the quantity of the underlying instrument (or asset) and the price at which it was opened.

An open position can be long if the trader bought the underlying asset or short if the trader sold that position. Note that, an asset can be sold before being bought.

A long or short position can be closed or reduced but not increased. If a client wants to increase the exposure on an instrument, a new position will be created.
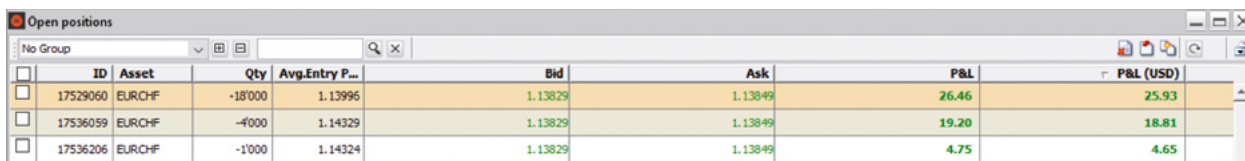
On Swissquote Bank trading platforms, each open position is displayed with corresponding unrealized Profit & Loss (or open P&L).

Normally, all positions on a specific instrument are opened in the same direction (long or short). For example a client can only have long positions in EURUSD, but not simultaneously long and short positions. If the client decides to place a trade in the opposite direction of the current exposure, some open positions will be closed or reduced (given the hedging function isn't activated). If no instruction has been given, the oldest open positions will be closed first, following the FIFO (First In First Out) rule.

FIFO rule is not followed when an order is linked to a given open position. When a linked order is executed, its linked position will be closed or reduced.

Open Positions (details)

One of the specificities of the SWISSQUOTE BANK Java Trading Platform is the possibility to manage many open positions in the same currency pair.

A new (open) position is created when the execution of an order increases the exposure on the traded currency pair. In the example above, many buy orders have been executed on EURUSD. Each of these orders has generated a new position. The calculation of the P&L is specific to each position and is relative to the entry-price of that position.

When the execution of an order reduces the exposure on the traded currency-pair, the FIFO (First In First Out) rule will apply, and the oldest position on the traded currency pair is closed or reduced. If the amount of the order is larger than the amount of the closed position, the next oldest position is reduced or closed. This process will continue as long as the entire amount of the order has not been booked. If all positions are closed and there is still an available amount which has not been booked, the order reverses the exposure from long to short (or from short to long). A new position with the residual amount will be created in the opposite direction.

The section Linked orders describes how to close a specific position among all positions listed in this view.

Linked orders

Orders linked to an open position are called Linked orders. It means that the execution of linked orders will only affect the linked position by closing it. Linked orders are easily configured by the client. The client simply needs to select a position from the list of all open positions by **right-clicking** on it and selecting the appropriate order type to close that position.

Account Overview

The margin analysis window provides traders with real time information about their trading account.

Account Balance is the cash available on the platform for the client.

Option Value: is the sum of the net option values across all your option positions.

Unrealized P&L (or Open P&L) is the profit or the loss that would be accounted to the client if he closes all his open positions (Excluding option value).

Total Position Value is the Option Value + Unrealized P&L (or Open P&L).

Account equity is the Account Balance + Total Position Value.

Not Available for Margin is the Option value not available for trading.

Required margin represents the part of the cash of the customer needed to sustain his open positions depending on his leverage.

Free margin represents the maximum amount of cash that can be withdraw without liquidating the customer.

Stop Out Level is the level that the Margin Level can reach before you risk a potential liquidation.

The margin level expressed in percentage, represents 'account equity' minus 'not available for margin' divided by the 'total open position' (or exposure). When the margin level touches the stop out level threshold, it triggers the liquidation of the client.

Margin Requirements

Stop Out Levels represents the margin level at which all open positions may be liquidated (closed). The margin can and will change depending on the total (absolute) dollarized value of all current positions held.

Please Note   Clients will be expected to be fully aware of their margin requirements and trade accordingly. SWISSQUOTE BANK declines all responsibility as to the untimely liquidation of positions due to an automated margin change.

P&L Calculations

Gain or loss resulting from the closing of a position.

The P&L calculation uses the formula:

(Closing price - purchase price) x (position amount).

For example, a client buys 100'000 EURUSD at 1.3400 and later he closes at 1.3410.

The generated P&L is:

(1.3410 - 1.3400) x 100'000 = 100 USD

Note that if the account is expressed in EUR, the amount will be credited after an exchange rate has been calculated with the mid-price between the bid and ask price at closing.

In the above example, if we consider that the client trades on 2 pips, the bid-price is 1.3410 and the ask-price is 1.3412. The 100 USD are converted into EUR by using the following mid-rate: (1.3412 - 1.3410)/2 = 1.3411; the realized P&L is: 100 USD/1.3411= 74.5656 EUR.

Each open position has a corresponding unrealized P&L (or open P&L) which is calculated using the formula:

(Current price - purchase price) x (position amount) expressed in the counter currency of the traded currency-pair.

Trading margins

A margin deposit is not, as many traditional traders suggest, the payment in cash for purchasing market shares. A margin is in fact a guarantee or a trust deposit, providing protection from losses during a deal. It allows traders to open positions on amounts that greatly exceed their account limits and so increase their buying power. For a full explanation of Swissquote Bank's FX margin rates please visit our website www.swissquote.com/forex

The formula for calculating margins is as follows:

Margin = equity/exposure

Equity = Balance + Option Value + Open P&L − Not Available for Margin
Exposure = sum (open positions)

The equity and the open P&L must be expressed in the same currency (for example USD).

Here is an example:

Let's consider a client with 10'000 USD in his account with an open position of +500'000 EURUSD opened at 1.3594 quoted actually at 1.3600.

The actual open P&L is 300 USD.
The equity is: 10'000 + 300 USD = 10'300 USD.

The exposure is equal to:

exposure = 1x500'000 EURUSD-->500'000 EUR x 1.36 = 680'000 USD

Margin = equity / exposure=10300/680000 = 0.015147

→ **1.51%**

Overnight positions

Traditionally inter-bank foreign exchange transactions are settled on pre-arranged value dates. In other words, if a trader sells 1 million EUR against USD spot on Wednesday, that means he must deliver the value of 1 million Euros on Friday in order to receive the USD equivalent sum based on the exchange rate agreed upon. (Settlement dates in the spot market are valued on a 2 working day basis).

SWISSQUOTE BANK adopts a method of operation by which there are no value dates on any operations and no close out and re- opening of open positions at close of business. We call this process a synthetic spot transaction. This results in a simple one line transaction on the customer's transaction statement instead of an extremely complicated multi-entry statement which is generally unintelligible for anyone not very well acquainted with interbank transactional dynamics.

SWISSQUOTE BANK applies a cost of carry on behalf of the market or the customer on open positions held overnight. This overnight cost of carry is presented as a simple flat fee either paid or charged on a customer's account. This process makes for extremely simple statements and greatly increases execution transparency since we do not modify the original price of the position entered into by the customer.

Please note that the «total open position» for precious metals is the equivalent dollarized value. Example 200 ounces of gold are worth about 254'000 USD (21/5/2019 rates).

Overnight costs are credited & debited on any positions held after 23:00 CET every day of the week. Please note that SWISSQUOTE BANK applies a triple SWAP Wednesday evenings to account for weekend rollovers.

The fees applied for credit and debit can be found at the following URL, which is updated daily according to market conditions:
www.swissquote.com/forex/pricing/spreads-and-swaps

Charts

A complete charts user guide presentation is available at the following link:
https://library.swissquote.com/shared-images/advanced-trader-charts-guide-bank-en

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