

AUTO CLOSE-OUT PROVISION

The purpose of this provision is to establish an automatic close-out (loss-cut) clause and other measures in order to protect clients by best preventing them from losing more than their principal amount of invested funds (margin).

1 DEFINITIONS

1.1 Actual deposits

“Actual deposits” means the actual funds deposited

1.2 Transaction amount

“Transaction amount” means the amount of trading done from the foreign exchange transactions.

1.3 Loss-cut level

“Loss-cut level” means the level at which to perform an auto close-out transaction, which is determined by dividing the amount of deposits by the required margin (expressed as a percentage). “Required margin” is the minimum amount of margin that must be deposited by the client in order to perform or maintain any given transaction(s).

1.4 Surveillance interval

“Surveillance interval” means the designated interval of time during business hours when deposits are monitored to verify if they have reached the loss-cut level during the business day.

1.5 A loss-cut is performed to prevent the client from suffering an excessive loss. Albus will automatically close the client’s positions by automatically executing an opposing trade when the amount of margin deposited by the client falls below a certain amount in relation to their required margin in order to maintain their positions.

1.6 The loss-cut line is the threshold amount when all positions are automatically closed out.

1.7 The loss-cut rule refers to the action of automatically triggering an opposing trade when the aforementioned loss-cut line is breached.

2 LOSS-CUT LEVEL

2.1 Albus will determine and set an appropriate loss-cut level.

2.2 In determining an appropriate loss-cut level, the number of trades that have the possibility to generate a loss greater than the actual deposit of the client, the applied leverage of the currency pair, the speed of the actual system, the difference of quotes when the market re-opens after

non-trading hours, and the amount of liquidity of the currency pair being traded will all be taken into consideration when using Article 1 to determine or re-evaluate the loss-cut level.

2.3 When the actual deposit of the client breaches the loss-cut level determined by the system, Albus will immediately take the proper steps in ensuring that a loss-cut transaction is performed.

2.4 Albus has the ability to set detailed loss cut-levels per client, currency pair, and systems and services used.

2.5 Albus will provide a detailed explanation to its clients of the loss cut-levels and loss-cut transaction procedures. Clients will be warned that a loss-cut does not guarantee to sustain a particular amount of funds of the client's margin against held positions, and that there is a possibility that they could suffer losses greater than their principal amount of deposited funds during volatile moving markets.

3 CONTINGENCY PROCEDURES IF A LOSS-CUT FAILS TO TRIGGER

3.1 Albus will set up a procedural course of action in the event that a loss cut transaction fails to trigger due to system failure or other factors.

3.2 Albus will explain to clients beforehand that there is still a possibility that they could absorb losses greater than their principal amount of deposited funds in spite of there being a set loss-cut level.

4 MARGIN CALL

In order to prevent excessive client losses, Albus will perform a margin call (a warning alert message) by sending an E-mail notification to clients. Further, after a margin call has been issued, new transactions will not be permitted from being opened unless additional margin is deposited or a loss-cut (compulsory closing of positions) has been performed. In addition, Albus will explain and have it known to the client that there is a possibility that a loss-cut may be performed without a margin call depending on the system being used by the client and/or present market conditions.

4.1 Deposit Refunds

Albus will only accept client deposits for the purposes of trading. If a client deposits funds for any reason unrelated to trading, Albus will act in haste to refund the amount, with no interest accrued.

5 INTERNAL REPORTING

- 5.1 The execution of any loss-cut transactions will be reported to conference board members and the board of directors periodically, or at any time necessary, by the Operations Control Supervisor.
- 5.2 The day following a loss-cut transaction, assessment of documents concerning the status of the client's trades at the time the loss-cut transaction took place will be used for investigation in order to clarify the reason and determine the appropriateness of the loss-cut transaction. In the event a new loss-cut level is proposed, proper steps that are set in definitive documents and other materials will be taken.

6 AMENDMENTS TO PROVISIONS

Any amendments to the provisions above will be decided by the board of directors.

This document is prepared by:
Albus Capital Inc.
Tel:+60 87 418 788
Fax: +60 87 413 788
U0155 2nd Floor Chung Kwong Building
Jalan OKK Awang Besar 87008
F.T. Labuan Malaysia

Albus Capital Inc. is authorised and regulated by the Labuan Financial Services Authority(LFSA) license number MB/14/0004.