Trade Margin Rules

The Fort Securities Australia PTY Ltd (Fortrade Australia) platform supports margin trading, which means you can enter into positions larger than your account balance. One advantage of margin-based trading is that you can strongly leverage the funds in your account and potentially generate large profits relative to the amount invested. The downside is that you can potentially incur significant losses in your margin capital very quickly.

What is Margin?

To ensure you can cover any losses you might incur on your positions, Fortrade Australia requires sufficient collateral. This collateral is typically referred to as margin. The margin available in your account will limit the size of the positions you can open.

The term leverage is often used to describe the margin requirements. For example, leverage of 1:50 corresponds to a margin requirement of 2% (1 divided by 50 is 0.02 or 2%). A 2% margin requirement means that, if you wish to open a new position, then you must have 2% of the size of that position available as margin.

For example: If a client’s equity is currently 1,000 AUD, and he/she decides to open a BUY position of 100,000 AUD/USD, with offered leverage of 1:100, then that reflects a margin requirement of 1%.

In that case, the client must have an equity of at least 1% of 100,000 AUD (1,000 AUD) in order to open that position – if the client has that amount, the trade will be opened. Successful

In cases where the client has less than 1,000 AUD in equity while trying to open the same position, the transaction will not be opened. Failed

Fortrade Australia requires a specific margin to be available in your account for each trade you enter in. You can see Fortrade Australia Margin Rates listed here: https://www.fortrade.com/trading-conditions/.

What Happens with a Margin Closeout?

You must maintain sufficient margin in your account to support your open positions.

You are responsible for monitoring your account to prevent margin closeouts.

A margin closeout will be triggered in the following circumstances:

When the equity in your account declines to 50% or less than the margin used, the Fortrade Australia platform will try to alert customers who are signed into the platform with a margin call.

Risk Warning and Disclaimer: CFDs and margin FX are leveraged products that carry a high level of risk to your capital. You should only trade with money you can afford to lose. Be Aware: You can lose all, but not more than the balance of your Trading Account. You do not own, or have any rights to, the underlying assets. Past performance is no guarantee of future performance. This information is intended to be general in nature and is not financial product advice. Any advice contained on this website or provided to you by Fort Securities Australia Pty Ltd is general advice only and has been prepared without considering your objectives, financial situation or needs. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant financial product having regard to your objectives, financial situation and needs. We encourage you to obtain independent financial advice and consider our Financial Services Guide (FSG) and Product Disclosure Statement (PDS) before deciding to enter into or obtain any financial products issued by us. Fort Securities Australia Pty Ltd is registered in Australia at Level 5, 20 Bond Street, Sydney NSW 2000 and is licensed and regulated by the Australian Securities and Investments Commission.

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When the equity falls below 10% of the used margin, the Fortrade Australia platform will automatically liquidate all open positions at once.

Be aware: In a fast moving market, there may be little time between warnings, or there may not be sufficient time to warn you at all.

If a market is closed in which you have open positions at the time of the margin closeout, these positions will remain open and the Fortrade Australia platform will continue to monitor your margin requirements for these positions. Once the market reopens for the remaining open positions, another margin closeout may occur if your account remains under funded.

How to Avoid Margin Closeouts?

Take proactive measures to avoid getting a margin closeout on your account. For example

- Monitor the status of your account continuously.
- Use a lower leverage so you can impose a higher margin requirement on yourself.
- Specify a stop-loss order for each open trade to limit downside risk. You can specify the stop-loss rate at the time you issue a trade, or add a stop-loss order at any time for any open trade.
- Fund your account with the appropriate amount to comply with margin requirements and reduce risk.

Note: Your trade is closed at the current Fortrade Australia rate, which may vary from your stop loss price - especially when trading resumes after periods of market closure.

If you get a margin call warning, your options are:

- Close or hedge individual positions to reduce the amount of margin required.
- If you are using a lower leverage, you can increase the leverage on your account as a last resort.
- Transfer additional funds into your account. Note, however, that the time it takes to add funds could mean your funds arrive too late.

For more information about Fortrade Australia Trade Margin Rules, please contact our Customer Support at: support@fortrade.com.