

NATUREFOREX GLOSSARY

Abnormal Market Conditions: A Fast Market or a Thin Market.

Advisor: A program which is used to control a Trading Account.

Applicable Rate: The Federal Funds rate of interest -- <http://www.bankrate.com/rates/interest-rates/federal-funds-rate.aspx>.

Account Application: The form to be completed by the Customer to open an individual or corporate Trading Account and accessed through the Website.

Ask: The higher price in the Quote, namely the price at which the Customer may buy.

Balance: The total financial result of all Completed Transactions and deposit/withdrawal operations on the Trading Account.

Bar/Candle: A graphical representation of a Quote movement that usually contains the open, high, low and closing prices for a set period of time (for example, a minute, a hour, a day, or a week).

Base Currency: The first currency in a Currency Pair.

Bid: The lower price in the Quote, namely the price at which the Customer may sell.

Business Day: Any day from Monday and Friday, according to Server time.

Chart: The graph that displays the intraday or difference period of time movements of a given Currency Pair.

Client Terminal: The NatureForex MetaTrader 4 program (can be downloaded on the Website free of charge).

Client Terminal Log-File: The file which is created by the Client Terminal in order to record all the Customer's Requests and Instructions.

Company: Nature Forex Ltd. which has a license to trade in financial and commodity-based derivative instruments and other securities issued by the International Financial Services Commission (IFSC) of Belize. Its legal address is: Nature Forex Ltd., 1 ½ Miles Northern Highway, Suite 102, P.O. Box 1922, Belize City, Belize.

Company News Webpage: The page of the Website where the Company's news is displayed. As of the last update of this Glossary, this page is located at:

http://id.natureforex.com/nfx/index.php?option=com_content&view=article&id=5&Itemid=120&language=en

Completed Transaction: Two counterpart transactions of the same size (opening a position and closing a position); for example, a buy then a sell Transaction or vice versa.

Contract Specifications: Trading terms (Spread, Lot Size, Initial Margin, etc.) for each Instrument.

Currency of the Trading Account: US dollars or another currency as specified by the Customer and accepted by the Company.

Currency Pair: The quotation and pricing structure of the currencies traded in the foreign currency or exchange ("forex") market, with the value of a currency being determined by its comparison to another currency. The first currency of a currency pair is called the Base Currency, and the second currency is called the Quote Currency. The currency pair shows how much of the Quote Currency is needed to purchase one unit of the Base Currency.

Customer: A legal entity or an individual party to the Customer Agreements.

Customer Agreement: The agreement between the Company and the Customer.

Day Order: An Order which is automatically deleted at the end of the trading session.

Dealer: An employee of the Company who is authorized to process the Customer's Instructions and Requests.

Dispute: A conflict where the Customer reasonably believes that the Company, as a result of any action or failure to act, has breached one or more terms of the Customer Agreement or the Terms of Business or a conflict where the Company reasonably believes that the Customer, as a result of any action or failure to act, has breached one or more terms of the Customer Agreement or the Terms of Business.

Equity: A Customer's equity is calculated as its Balance + Floating Profit/Loss.

Error Quote (Spike): The comparatively large upward or downward error movement of a price or value level in a short period of time.

Fast Market: Rapid movement in a market caused by strong interest by buyers and/or sellers for a short period of time often causing Price Gaps.

Floating Profit/Loss: A current profit/loss on Open Positions calculated at the current Quotes.

Force Majeure Event: A circumstance which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the reasonable control of the parties, such as a war, strike, crime, or an event described by the legal term “act of God” (e.g., flooding, earthquake, volcanic eruption), prevents one or both parties from fulfilling their obligations under the contract criterion of Gap regime activation. In case price gap is equal or exceeds $\frac{1}{2}\$gap$

Free Margin: Funds in the Customer’s Trading Account, which may be used to open a position. It is calculated as Equity less Necessary Margin.

GTC (Good ‘Til Cancelled): A pending Order for which the Customer did not specify an expiry date and time and such Order shall remain valid for an indefinite time until fully or partially executed, or cancelled.

Hedged Margin: A special lower margin requirement for hedgers. The hedged margin requirement is lower because of offsetting positions. The details for each Instrument are in the Contract Specifications.

Hedged Positions: Two offsetting positions held at the same time so that, regardless of the outcome of an event, the risk bearer is left in a no win/no lose position. For example, Long and Short Positions of the same Transaction Size opened on the Trading Account for the same Instrument.

If-Done Order: An If-Done Order is placed in conjunction with a Stop or Limit Order. After the initial Stop or Limit Order has been executed, the If-Done Order becomes active.

Indicative Quote: A Quote that is merely for informational purposes (non-dealable) and with respect to which the Company has no obligation to accept any Instructions or Requests or execute any Orders.

Initial Margin: The margin required by the Company to open a position. The details for each Instrument are in the Contract Specifications.

Instant Execution: This mode of execution on the NatureForex trading platform allows the Customer to place Orders at the current market prices which they see in Market Watch without prior Request.

Instruction: An instruction sent from the Customer to the Company to open/close a position or to place/modify/delete an Order.

Instrument: Any Currency Pair or any other product offered by NatureForex for trading by the Customer.

Leverage: The ratio of Transaction Size to Initial Margin. A 200:1 leverage ratio for a given Instrument means that in order to open a position in that Instrument the Initial Margin required is two hundred times less than the Transaction Size.

Limit Order: An Order placed with the Company to buy or sell a set number of units of an Instrument at a specified price which is better than the then-current Quote for such Instrument.

Long Position: A position opened by the Customer where the Customer buys an Instrument in hopes that the Instrument's value will rise.

Lot: A unit of Base Currency or other Instrument in the NatureForex trading platform.

Lot Size: For forex Transactions, the quantity of Base Currency in one Lot defined in the Contract Specifications.

Margin Level: The percentage of Equity to Necessary Margin. This ratio is calculated as $(\text{Equity} / \text{Necessary Margin}) \times 100\%$.

Margin Trading: Trading by the Customer with money borrowed from the Customer's broker or bank for that purpose where the Customer may enter into Transactions having less (or even far less) funds in the Trading Account in comparison to the funds that would otherwise be required (without the access to margin) to complete the Transaction.

Market Execution: This mode of execution on the NatureForex trading platform assumes that Orders will be executed using not a price the Customer sees on a screen, but a price which

exists at the market at the actual moment of Order execution. This price can be either better or worse than the one the Customer saw at the moment of Order transmission.

Market Opening: The time at which the market opens for a given trading session.

Necessary Margin: The margin required by the Company for the Customer to maintain Open Positions. The Necessary Margin details for each Instrument are specified in the Contract Specifications.

Normal Market Conditions: A market that is neither a Fast Market nor a Thin Market, and where the Quotes Flow in the NatureForex trading platform has no fast price movements or Price Gaps.

Normal Market Size: The maximum number of Lots that does not exceed the volume of Market Depth at the moment creation of Request.

Open Position: A Long Position or a Short Position which is not closed yet.

Order: An Instruction from the Customer to the Company to open or close a position.

Order Level: The price indicated in the Order.

Payment Instructions: Details for depositing funds to the Trading Account or withdrawing funds from the Trading Account.

Pending Order: An Instruction from the Customer to the Company to open a position once the price has reached the Order Level.

Point / Pip: The smallest price change for an Instrument. For forex Transactions, since most major Currency Pairs are priced to four decimal places, the smallest change is that of the last decimal point - for most pairs this is the equivalent of 1/100 of one percent, or one basis point.

Price Gap: Also referred to as a 'gap', it is a significant movement in an Instrument's price between two trading rounds.

Price Gap on the Market Opening: The first Bid/Ask of the current trading session is equal or higher/lower than the last Bid/Ask of the previous session in four spreads in a particular Instrument.

Quote: The current price Bid/Ask for a particular Instrument.

Quote Currency: The second currency in a Currency Pair.

Quotes Flow: The stream of Quotes in the NatureForex trading platform for each Instrument.

Rate: For forex Transactions, the value of the Base Currency in terms of the Quote Currency.

Request: A request from the Customer to the Company given to obtain a Quote.

Rollover: An interest charge that is incurred by the Customer for carrying an Open Position over to the next trading session.

Server Log-File: The file created by the Server, which records all Requests and Instructions sent by the Customer to the Company.

Server: The NatureForex MetaTrader Server 4 program. The program is used to execute the Customer's Instructions or Requests.

Short Position: A position opened by the Customer where the Customer sells an Instrument in hopes that the Instrument's value will decrease.

Spread: The difference between the Ask and Bid prices.

Stop Out: The closing of the Customer's Open Position(s) without prior notice in a case of insufficient funds required to maintain Open Positions.

Stop Order: An Order to automatically buy or sell at the market when a certain price is reached, either above (on a buy) or below (on a sell) the Quote at the time the Order is given. Technically, a Stop Order to sell becomes a Market Order when the Quote is offered at or below the specified price. Conversely, a Stop Order to buy becomes a Market Order when the Quote is offered at or above the specified price. A Stop Order can be used to liquidate a position at the best price possible once the target price has been touched. It can also be used to either lock in profits or to minimize a loss. There is no certainty or guarantee of obtaining the desired entry/exit points. For instance, if a Quote gaps down, the Customer's Stop Order will be triggered (or filled) at the first available Quote which is presented in the Quotes Flow instantly after the Price Gap.

Take Profit: An Order for closing a specified Open Position at a specified level in the event the price moves in a favorable direction; can only be executed at Bid price and placed above the current Bid price with reference to buy positions; can only be executed at Ask price and placed below the current Ask price with reference to sell positions.

Thin Market: A market with a low number of buyers and sellers. Few transactions take place in a Thin Market, prices are often more volatile and assets are less liquid. The low number of Bids and Asks will also typically result in a larger Spread between the two Quotes.

Ticker: The unique number assigned to each Open Position, Pending Order or deposit/withdrawal transaction through the NatureForex trading platform.

Trading Account: An account held with the Company and administered and used by the Customer to employ a trading or hedging strategy rather than a buy-and-hold investment strategy for physical delivery.

Transaction: Any transaction entered into or executed by the Customer.

Transaction Size: The number of Lots of any given Transaction.

Trading Platform Time Zone: The time zone in which the Server Log-File records any event. As of the last update of this Glossary, the Trading Platform Time Zone is GMT+2:00.

Website: The NatureForex Markets website.

Written Notice: Any notice which is given to the Customer by the Company via any of the following means: (a) the NatureForex Markets internal mail system; (b) email; (c) facsimile transmission; (d) post; or (e) information published on the Company News Webpage or Forum.