

COMPANY PROFILE

Global Trader is the leading provider of financial spread trading (Spreads) and Contract for Difference (CFDs) execution and advisory services to both institutional and private clients investing in international and domestic markets. Global Trader has driven and continues to drive financial market innovation through the establishment of new markets, products, platforms and services that deliver boutique broker and prime broking services to private clients and small institutional investors.

Global Trader has regional walk-in centres in Johannesburg, Cape Town and Durban. These centres are geared at delivering exceptional on-the-ground client service, financial market education and training, as well as world class client dealing rooms, which have been set up to provide clients with a trading destination where they are able to collaborate and network with likeminded investors.

Global Trader also provides financial institutions the opportunity to offer CFDs and Spreads to their own clients either through their well established partnership program or their sophisticated white label solutions. In addition, Global Trader specialises in providing investors transparent access to previously restricted markets reducing trading barriers and risks.

Global Trader and its clients are better positioned for growth through access to a strong and rapidly growing internationally diversified product base and extensive asset class coverage providing opportunities for profit regardless of the prevalent economic conditions.

Global Trader is wholly owned by JSE listed South African financial services group, Purple Capital (JSE:PPE) (see www.purplecapital.co.za for more information on Purple Capital) and is run by a group of market professionals who share a common goal to redefine trading. Applying their extensive financial backgrounds with leading global investment banks and software houses, the business blends institutional grade products and sophisticated risk management with strong retail experience to provide the perfect destination for high -end private client business.

Global Trader is an authorised Financial Services Provider by the Financial Services Board of South Africa, FSB No. 22588 and is a derivative member of the JSE Limited.



Why trade binary options?

Regardless of market conditions, whether they may be rising, falling, volatile or stable, binary options present investors with exciting trading opportunities. These are highlighted below:

- Constantly moving binary option prices, even when the underlying market is quiet
- Trading highly volatile markets with controlled risk
- Intraday markets allowing investors to benefit from short term fluctuations in market movements which is ideal for day traders
- Quantifiable Risk: Maximum profit and loss is known as soon as the trades are placed
- Global Trader provides a constant two-way market in all the listed binary options contracts. The size of risk per point that you assume is entirely your decision.
- There is never any commission to pay; any profits you make are yours to keep in full.

Advantages of trading binary options over traditional options

1. Binary options are generally simpler to trade as their payoff is related to a single event occurring whereas the payoff to traditional vanilla options are dependent upon the extent and direction of the underlying reference asset's movement.
2. Binary options have a controlled risk to reward ratio i.e. the risk and reward are pre-determined at the time of contract inception.

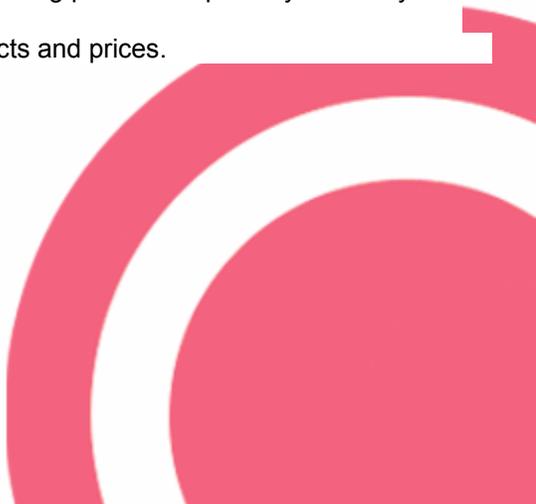
Binaries offered by Global Trader will all have the following characteristics

- A binary option is a contract between either a buyer or seller and Global Trader that expires at either 0 (if unsuccessful) or 100 (if successful).
- The buyer is taking the position that a certain strike price **WILL** be reached at the expiration time.
- The seller is taking the position that a certain strike price **WILL NOT** be reached at the expiration time.
- If the price of the underlying exceeds the strike price at the expiration time, the buyer receives R100, and the seller gets R0, thereby giving up their initial investment (or margin).
- If the price of the underlying does not exceed the strike price or the event does not happen on the expiration date, the seller receives R100, and the buyer gets R0, thereby giving up their initial investment (or margin).

Possible trading strategies ideal for binary trading

- Hedging daily movements in open portfolios
- Profiting from daily and intraday market movements
- Profiting from probability

In short

- Prices move between 0 and 100
 - You can either buy at our current offer price or sell at our current bid price, on any of the contracts we offer.
 - If the event described by the binary occurs the trade settles (or closes) at 100
 - If the event described does not occur the trade settles (or closes) at 0
 - You can close any buy (long) trade at GT's current bid price (if available), and vice-versa
 - Your profit or loss on a binary will equal the difference between the opening and closing prices multiplied by the risk you select
 - Take a look by logging on to our spread trading platform to view our current products and prices.
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Binary Trading Examples:

ALSI Binary Trading Example

ALSI 27 500 “UP” Contract

The buyer of this contract has the view that the ALSI will be higher than 27 500 at the option expiry time.

If the ALSI closes above 27 500 (therefore 27 501 or higher) on expiry, the event is deemed to have occurred and the option expires with value of 100.

If the ALSI closes on or below 27 500 on expiry, the event is deemed not to have occurred and the option expires with value of 0.

ALSI 27 500 “DOWN” Contract

The buyer of this contract has the view that the ALSI will be lower than 27 500 at the option expiry time.

If the ALSI closes below 27 500 (therefore 27 499 or lower) on expiry, the event is deemed to have occurred and the option expires with value of 100.

If the ALSI closes on or above 27 500 on expiry, the event is deemed not to have occurred and the option expires with value of 0.

Binary Trading Mechanics

At 12h00 the ALSI 27 500 “UP” binary option contract is trading with a bid-offer spread of 6 – 11 based on the underlying future trading at 27 000, which is 500 points below the option strike. If you are of the opinion that the ALSI will be higher than 27 500 at 17h00, the option expiry time, then you will buy the binary option contract at 11, the offer price. If you trade at a risk size of R1 per point, you may immediately quantify your potential gain, R89, or your potential loss R11.

Profit / Loss Calculations

Profit – if the ALSI (nearest futures contract) closes above the 27500 level:
 $100 \text{ (expiry price)} - 11 \text{ (opening price of your trade)} \times R1 \text{ (Rand pp)} = \mathbf{R89 \text{ profit.}}$

Loss – if the ALSI (nearest futures contract) closes on or below the 27500 level:
 $11 \text{ (opening price of your trade)} \times R1 \text{ (Rand pp)} = \mathbf{R11 \text{ (loss).}}$

As with all our spread instruments you are able to place a Stop Loss and/or a Take Profit level. However placing these levels will limit both your possible losses and profits.

If these levels were set at the following; stop loss – 5 and take profit – 75, the profit or loss will be calculated as follows

Profit – if the ALSI 27500 UP binary's bid price reaches 75 the trade will be closed:
 $75 \text{ (Take Profit)} - 11 \text{ (opening price of your trade)} \times R1 \text{ (stake)} = \mathbf{R64 \text{ profit.}}$

Loss – if the ALSI 27500 UP binary's bid price reaches 5 the trade will be closed:
 $5 \text{ (Stop Loss)} - 11 \text{ (opening price of your trade)} \times R1 \text{ (stake)} = \mathbf{R6 \text{ (loss).}}$



Binary Trading

Log into your Account

Log in to your Global Trader Spread trading account using your existing username and password.

The screenshot displays the 'Spread Trading Platform' interface. At the top, there is a menu bar with 'tem', 'Desktop', 'Reports', 'Trading Currency', and 'Rolling Cash Defaults'. Below this is the 'Favourite Markets' section, which contains a table of market data. The table has columns for 'Product', 'Expiry', 'Bid', 'Offer', 'Last', 'Change', 'High', 'Low', 'Updated', and 'Market Status'. The data shows six binary options contracts, all with an expiry date of 2008-07-09 and a market status of 'Phone to trade'. To the right of the table is a 'Market' window showing a tree view of market categories, including 'Binary', 'Bonds (International)', 'Commodities', 'Currencies', 'Equities (SA)', 'Indicators Only', and 'Indices'. An arrow points from the 'Binary' folder in the 'Market' window to the table. Below the table are sections for 'Open Trades', 'Open Orders', and 'Account Information'. The 'Account Information' section shows a balance of 320.00, a margin account of 0.00, a profit to date of -5,680.00, a profit of current positions of 0.00, and a total account value of 94,320.00. At the bottom, there is a status bar showing 'r. Brina Sieber', 'Currency: GTC - Simulated Trading', 'Version: 1.2.6.0', 'Connection Status: 0.405 s', 'Task: Refreshing Market Status', and 'Last Price Feed: 15:19:23'.

Product	Expiry	Bid	Offer	Last	Change	High	Low	Updated	Market Status
ii DOWN (Daily...)	2008-07-09	3	13	8	0	0	0	2008-07-09 15:19	Phone to trade
ii DOWN (Daily...)	2008-07-09	41	51	46	0	0	0	2008-07-09 15:19	Phone to trade
ii DOWN (Daily...)	2008-07-09	32	42	37	0	0	0	2008-07-09 15:19	Phone to trade
ii UP (Daily) 26...	2008-07-09	0	9	4	0	0	0	2008-07-09 15:19	Phone to trade
ii UP (Daily) 27...	2008-07-09	0	5	0	0	0	0	2008-07-09 15:19	Phone to trade
ii UP (Daily) 27...	2008-07-09	0	5	0	0	0	0	2008-07-09 15:19	Phone to trade

Getting ready to trade binaries

Once you have logged into the Spread trading platform, you will see the above screen. Simply click on the 'Binary' folder in the 'Markets' window and add the 6 contracts to your 'Favourite Markets' window.

We recommend you add all 6 contracts, as the strike price changes daily.



Opening new positions & placing orders

Highlight the contract you want to trade from the “Favourite Markets” window and click the “Trade Now/Place Order” button, the trade screen (below) will pop up allowing you to place your order or execute your trade. It is imperative to understand the options available when placing an order so as to prevent an unnecessary loss.

Open New Position On ALSI DOWN (Daily) 26,400 5:00pm

Transaction Type
 Trade Order Break Order

Bid / Offer Spread
Sell (41) Buy (51)

Risk
10

Price
 Market Fill or Kill Limit
51

Stop Loss
 Use Stop Loss Auto Minimum Manual Maximum
50

Risk Management
 Take Profit
 Trailing Stop
 Guaranteed Stops

Output
New Trade:
Buy 10.0 ALSI DOWN (Daily) 26,400 5:00pm at Market
Required margin will be in the region of 10.00
Stop loss will execute when Trigger trades at 50

Trade Cancel

TRANSACTION TYPE

This first section of the “Open New Position” screen gives the user the option to choose the type of transaction to be initiated.

Transaction Type
 Trade Order Break Order

Trade

Use this option when you want to trade at current market prices (bid – offer).

Order

Use this option when you want to place a normal order away from the current market price (buy **lower** or sell **higher**).

Break Order

Use this option when you want to place a break order away from the current market price (buy **higher** or sell **lower**).

BID / OFFER SPREAD

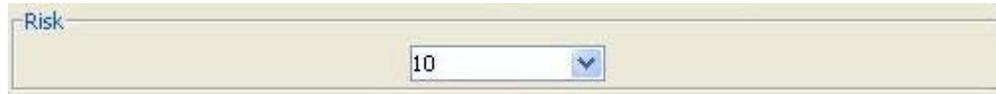


The screenshot shows a window titled "Bid / Offer Spread" with two buttons: "Sell (41)" on the left and "Buy (51)" on the right.

Click the **SELL** button if you want to sell (short) the chosen contract or click the **BUY** button if you want to buy (long) the chosen contract.

Notice: Sell / Buy prices of the selected contract are live and as such will update constantly.

RISK



The screenshot shows a window titled "Risk" with a dropdown menu currently set to "10".

Use this option to set the amount of risk per point (exposure) you want.

Example: If your view is that the ALSI (nearest dated futures contract) is going to close above the 26400 level then you would sell (short) the "ALSI DOWN (Daily) 26400 5:00pm" instrument at 41; with an exposure of R10 per point; resulting in a profit or loss of R10 for each point movement, as illustrated below:

Note: In the above example we used R10per point (pp) risk. Please select the risk pp (exposure) that appropriately suits your risk appetite.

Loss

If the ALSI (nearest futures contract) closes below (against your view) the 26400 level then your **loss** is calculated below:

Loss = Settlement price less opening price x by your risk per point

$$\text{Loss} = (100 - 41) \times 10$$

Loss = R590

Profit

If the ALSI (nearest futures contract) closes above (in line with your view) the 26400 level then your **profit** is calculated below:

Profit = (Settlement plus opening price) x by your risk per point

$$\text{Profit} = (0 + 41) \times 10$$

Profit = R410



PRICE

These options give you control over the execution price of the trade.



Market

If you choose this option the price you trade at will be the current bid price if you sell or the current offer price if you buy. These prices would thus be the same as those updating on the **SELL** and **BUY** buttons as explained in the previous topic.

Note: In times of high volatility, the market could move away from the price it was reflecting between clicking the “Trade” button and the transaction being completed. This is also known as Slippage.

Example: when you clicked the “Trade” button to sell the ‘ALSI DOWN (Daily) 26400 5:00pm’ at 45, by the time the order reaches the market, the price could already have changed to 40, 5 points lower than you anticipated. If the price moved higher, say to 50, the same applies. As this is a market order, you will be filled at the market price, (not necessarily the price you see).

Fill or Kill

This handy feature could be used to solve the problem of slippage. When you choose this option, your instruction is to either trade at the price you have specified or cancel your order, if by the time of execution, the market price has moved.

Example: As in the previous example, you decide to sell the ‘ALSI DOWN (Daily) 26400 5:00pm’ at 41, but this time you have chosen the “Fill or Kill” option.

When you click the “Trade” button, your order is sent to the market, if the price is still the same as it was when you clicked the “Trade” button, the transaction is done at that price (“filled”) but if it has changed, for better or for worse, the order is immediately cancelled (“killed”).

Limit

Another handy feature is that of a “Limit” trade, which also aims to limit the slippage by allowing for some movement in price.

Example: You want to buy the ‘ALSI DOWN (Daily) 26400 5:00pm’ at the current price of 51, but you are aware that the market volatility is picking up and you are prepared to pay up to but not more than 52 to get filled.

STOP LOSS



When opening a binary trade with Global Trader, clients are required to select a Stop Loss between **0** and **100** (as the binary trades within these ranges).

Selling (short) a binary – the stop loss needs to be placed between the minimum stop (10 pts) and 100.

Buying (long) a binary – the stop loss needs to be placed between the minimum stop (10 pts) and 100.

A Stop Loss is a predetermined level at which an instruction (long or short) is triggered to be closed out in order to limit the traders' loss. This Stop Loss level is not guaranteed, as fast moving markets can “gap” past the pre-selected Stop Loss level.

Note: Stop Losses are **ONLY** triggered whilst the Global Trader instrument on which you are trading is **OPEN**. The last price acts as the trigger, if reached; the trade will be closed at the available bid (if long) or offer (if short).

RISK MANAGEMENT



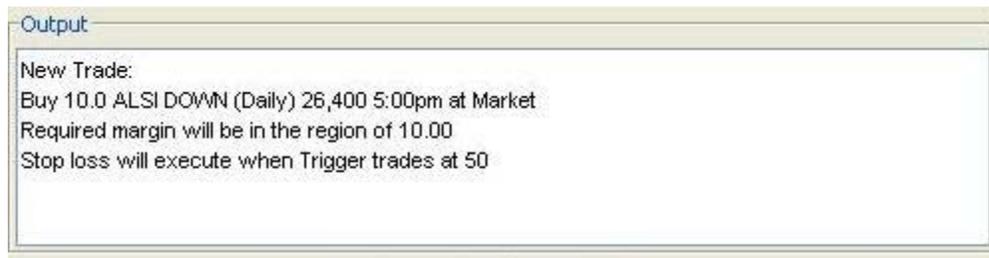
Global Trader offers the following risk management tools:

Take Profit

When opening a binary trade, or placing an order to open a binary trade with Global Trader, clients may select a Take Profit level appropriate to their trading strategy. This is a pre-determined level at which the trade is to be closed out at a profit.

Note: Take Profits are only monitored and executed whilst the instrument on the Global Trader platform is open. Take Profits will only execute when the bid (if long) or offer (if short) reaches your stipulated Take Profit level.

OUTPUT



This window shows an overview of the current binary trade reflecting all the options you have chosen.

In the above screen capture we can see how much risk was taken (10.0), which contract we buying (ALSI DOWN (Daily) 26,400 5:00pm at Market), how much margin will be necessary to transact this deal (10.00), at which price the stop loss will be triggered at (50). This information changes dynamically as you select and deselect options and change prices.

When you are satisfied that you have defined your trade properly by using the available options, click the "Trade" button, and if you decide not to place the trade, click the "Cancel" button.

The triggering of **Take Profits**, **Stop Losses** and **Orders**

Take Profit

If you have **bought (long)** the binary the take profit will be triggered once the **bid** has reached the level you have selected as your take profit. The reverse is applicable if you have **sold (short)** the binary, the take profit will be triggered once the **offer** has reached the selected level.

Stop Loss

If you have bought (long) the binary the stop loss will be triggered once the last traded price has reached the level you have selected and will execute at the best bid in the market. The reverse is applicable if you have sold (short) the binary, the stop loss will be triggered once the last traded price has been reached but will be filled at the best offer in the market.

Note: This Stop Loss level is not guaranteed. Fast moving markets could "gap" past the pre-selected Stop Loss level.

Orders

If you wanted to buy (long) a binary at a level below where the market is currently trading an order needs to be placed at the desired level, this order will only be triggered once the offer in the market reaches the level at which the order was placed. The reverse is applicable if you want to sell (short) a binary at higher than where the market is currently. The order will be triggered when the bid in the market reaches the entry price of the order.

Break Order

Break orders can be used when you are of the opinion that the market is currently trading in a range and that a breakout is imminent. The logic behind a break order allows for a break out of a range that acts as the trigger. E.g. the market is 41 to 51, you want to buy, but only if the market can break through 55 (as this is your confirmation of the break).

OPEN TRADES

The screenshot displays the Spread Trading Platform interface. The main window is titled "Spread Trading Platform" and includes a menu bar with "System", "Desktop", "Reports", "Trading Currency", and "Rolling Cash Defaults".

The "Favourite Markets" window shows a table of market data:

Product	Expiry	Bid	Offer	Last	Change	High	Low	Updated	Market Status
ZAR Spot	2010-01-01	7.6730	7.6780	7.6730	-0.0400	7.7410	7.6400	2008-07-10 08:26	Phone to trade
GOLD SPOT	2010-12-15	928.40	929.35	928.87	0.30	930.97	925.27	2008-07-10 10:26	Phone to trade
USD Index	2010-01-01	90.25	90.29	72.72	0.14	72.75	72.53	2008-07-10 08:27	Phone to trade
ALSI DOWN (Daily) 26,200 5:00pm	2008-07-10	15	25	20	0	0	0	2008-07-10 10:24	Phone to trade
ALSI DOWN (Daily) 26,400 5:00pm	2008-07-10	28	38	33	0	0	0	2008-07-10 10:24	Phone to trade
ALSI DOWN (Daily) 26,550 5:00pm	2008-07-10	39	49	44	0	0	0	2008-07-10 10:24	Phone to trade
ALSI UP (Daily) 26,850 5:00pm	2008-07-10	28	38	33	0	0	0	2008-07-10 10:24	Phone to trade
ALSI UP (Daily) 27,700 5:00pm	2008-07-10	18	28	23	0	0	0	2008-07-10 10:24	Phone to trade
ALSI UP (Daily) 27,200 5:00pm	2008-07-10	8	18	13	0	0	0	2008-07-10 10:24	Phone to trade

The "Open Trades" window shows a table of active trades:

Trade ID	Product	Expiry	Buy/Sell	Risk	Trade ...	Curre...	Profit ...	Profit ...	Stop L...	Take ...	Margin	Trade ...	GStop	Tralin...	Trans ...	Instr ...
2542423	ALSI DO...	2008-07-10	Buy	10.00	51	28	-22	-223.37	50	0	10.00	2008-07-...	No	5		

The "Open Orders" window shows a table of open orders:

Order	Product	Expiry	Buy/Sell	Risk	Order Price	Stop Loss	Take Profit	GStop	Trailing Stop	Break Order	Trans R/O	Instr R/O
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The "Account Information" window shows the following data:

Trust Account	Margin Account	Profit to Date	Profit of Current Positions	Total Account Value
10,000.00	10.00	-31,313.00	-223.37	9,786.63

The status bar at the bottom shows: User: Mark Yansifski Test, Currency: GTC - Simulated Trading, Version: 1.2.6.0, Connection Status: 0.39 s, Task: Refresh Trades,Orders,TrustAccount, Last Price Feed: 10:26:01.

Once you have successfully placed a new trade, it will be added to the "Open Trades" window.

Here your position will be updated live and you will be able to monitor profits and losses.

Clicking the "Close" button would bring up a confirmation dialog that would prompt you for final confirmation before the position is manually CLOSED. You can also perform a partial close as shown in the example below.

Example: If you are long on the 'ALSI DOWN (Daily) 26400 5:00pm' with a risk of 10 and you have reached a profit of say 75 points, and you are unsure if there is still some momentum left for further movement, you could partially close out the position by only closing risk to the value of 5, securing 50% of the profits and leaving the remainder 5 to see where the market would go from there.

MOVE STOPS / TAKE PROFIT CHANGING

The screenshot shows a dialog box titled "Move Stops / Take Profit Changing" for a trade on "ALSI DOWN (Daily) 26,400 5:00pm". The trade is currently a "Buy" position with a quantity of 51. The trade ID is 2542423, the risk is 10, and the trade price is 51. The "Stop Loss" section is checked and set to "Manual" with a value of 50. The "Risk Management" section has "Take Profit", "Trailing Stop", and "Guaranteed Stops" all unchecked. The "Output" section displays: "Move Stops: Returned margin will be in the region of 0.00 Stop loss will execute when Trigger trades at 50".

Sell	Buy
41	51

Trade ID : 2542423
Risk: 10
Trade Price: 51

Use Stop Loss Auto Minimum Manual Maximum

50

Take Profit 0
 Trailing Stop
 Guaranteed Stops

Move Stops:
Returned margin will be in the region of 0.00
Stop loss will execute when Trigger trades at 50

Ok Cancel

By clicking on the "Move Stops/Take Profit Level" button, you will be able to adjust, if desired, take profit levels as well as stop loss levels placed when the trade was initially opened.

Tips:

Make sure that you always have the Global Trader trading desk phone number on hand in the event of Internet failure, or other unforeseen events which may occur that prevent you from closing a position.

Spread Trading Desk: + 27 11 214 8101

CFD Trading Desk: +27 11 214 8102

The trading desk will always be happy to assist you with the placement of new trades, as well as editing and exiting an existing trade. You may close out part of the full contract if you so choose.

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