

Frequently Asked Questions (FAQ's) - Currency

With the introduction of Currency (Forex) Trading, the Pakistan Mercantile Exchange (PMEX) allows investors to diversify their investments and gain access to International Markets.

Q: What is Forex?

A: Forex stands for 'Foreign Exchange'. It is the process of buying and selling currencies. Participants include central banks, currency speculators, organizations, governments, retail investors and international investors.

Q: How does Forex trading work?

A: Forex is traded in currency pairs. You are effectively comparing one currency with another. For example, the EUR/USD at 1.4022 shows how much one euro (EUR) is worth in us dollars (USD). Common currency pairs are the Euro/US Dollar (EUR/USD), US Dollar/Japanese Yen (USD/JPY), British Pound/US Dollar (GBP/USD). You can buy and sell each currency.

Q: What are the Market trading hours?

A: The market operates from 5am – 2am from Monday morning through Friday night.

Q: What tools do I need to trade Forex?

A: To be able to trade you only need a device with an internet connection and a funded trading account. Once you are setup, you can trade from anywhere in the world.

Q: What is Leverage?

A: Leverage is used to increase your purchasing power. PMEX provides a leverage of up to 50:1 at no cost. This means that with a deposit of PKR100,000 you can trade with up to PKR5,000,000. This can allow you to take advantage of even the smallest moves in the market.

Q: What is a Spread?

A: The spread is the difference between the BUY price and the SELL price of two instruments. For example, if the EUR/USD is trading at 1.3100 (buy) and 1.3098 (sell), then the spread is 2 pips.

Q: What does going "long" and "short" mean?

A: Going "long" is when a trader buys an asset expecting the value to rise. Going "short" is when a trader sells an asset, expecting the price to decline.

Q: How are prices determined?

A: Economic and political conditions usually affect the value of an asset, along with interest rates, inflation, and supply and demand.

Q: Are orders executed even if the underlying market is closed?

A: No. PMEX does not execute orders during off-hours.

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Q: Is Forex a liquid market?

A: The foreign exchange market is the biggest and most liquid financial market in the world at \$5 Trillion a day. This makes it typically very easy to get into and out of trades at any time, even in large sizes.

Q: Are there return on Idle Funds?

A: PMEX does provide a return on idle funds. In 2010, the return was 9.3%.

Q: What is the account opening procedure?

A: Simply fill out the account opening form and attach an attested copy of your CNIC along with a cheque. Account should be operational within 3 business days.

Q: Is there a minimum amount with which to open an account?

A: Minimum account size is PKR 100,000.

Q: How do I transfer funds?

A: Payment can either be made via cheque or by depositing funds in the accounts below. Please email deposit slip to BIPL Securities if funds are deposited directly in the accounts.

| Bank Name | Branch | Account Title | Account Number |
|------------------|----------------------------|--|---------------------|
| MCB Bank Limited | Global Transaction Banking | BIPL Securities Limited–Client Group Account | 0521 58874 1000 697 |

Q: Is Research & Market View available?

A: You will receive our research report in addition to a call from your trader with the intra-day market view daily. BIPL Securities also provides 2 SMS daily with our market view.

Q: What are the BIPL Securities Desktimings?

A: You have access to our traders from 9am to 12am.

Q: How do I withdrawal funds?

A: An application of withdrawal needs to be sent and within 3 days the funds will be dispatched.

Q: What is the process of conversion from USD to PKR?

A: Rates quoted on PMEX are in USD. At the point of trade or when taking positions, the USD is converted to/from PKR. The official conversion rate is previous day’s closing given by SBP.