

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	KASB 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.