

The Fortrade 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 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 50:1 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 **\$4,000 CAD**, and he decides to open a Buy position of **100,000 USD/CAD**, which is offered at a **leverage of 30:1** that reflects a margin requirement of **3.5%**.

In that case, the client must have an equity of at least 3.5% of 100,000 CAD (3,500 CAD) in order to open that position – if he has that amount, the trade will be opened. **Successful**

In case that client has less than 3,500 CAD in his equity, the transaction would not be opened. **Failed**

Fortrade requires a specific margin to be available in your account for each trade you enter in.

[See Fortrade's Trading Product Details.](#)

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 process will be triggered in the following circumstances:

- When the Equity declines to half, or less than half the Margin Used, the Fortrade platform will try to alert customers who are signed in to the Fortrade platform with a margin call. You may also receive an SMS alert.
- When the Equity falls within 10% of the used margin, The Fortrade 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 trading is unavailable for certain open positions at the time of the margin closeout, (such as due to opening time of the specific market), those positions will remain open and the Fortrade platform will continue to monitor your margin %. When the markets reopen 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.
- 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 rate, which may vary from your stop loss price - especially when trading resumes after periods of market closure.

For example, if you get a margin warning your options are:

- Close or hedge individual positions to reduce the amount of margin required.
- Transfer additional funds into your account. Note, however, that the time it takes to add funds could mean your funds arrive too late. This also means that you are increasing the amount that you are willing to lose, since you can lose all, but not more, than the balance of your Trading Account.

For more information about Fortrade's Trade Margin Rules, please contact our Customer Support at <mailto:support@fortrade.com>.