Information for the client of the alternative trading system bxtrader (translation from original Spanish version)

Index

0.- Short description, what is bxtrader?
1.- How to subscribe
2.- How to unsubscribe the service
3.- Partial or total funds withdrawal
4.- Deposit of new funds
5.- Other operations with bxtrader system
6.- Service costs: fees, commissions and payments
7.- Safety and legality of your funds
    7.1.- Safety
    7.2.- Legality
8.- Risks and benefits
    8.1.- Risk disclaimer
9.- Exempt responsibilities
10.- Resume

Appendix: About bxtrader, OANDA, and boxoptions

A1.- About boxoptions
A2.- bxtrader trading strategy

Short description, what is bxtrader?

The software bxtrader is not a trading platform, but it is a trading system that works under a broker platform, in which the client must be subscribed (open a free and everlasting demo account within minutes in https://fx2.oanda.com/v1.0/login.html). The system evaluates the actual and past market conditions, and having continuously actualised information, decides (and optionally executes) the best trade, attending to an aggressive but balanced ratio risk/ benefit.
In particular bxtrader manages trades about a new exotic product known as boxoptions (see appendix), which is a modified version of conventional options and was released recently by the broker company OANDA. In the moment of writing these lines, boxoptions are only available in some currency pairs, and they only can be contracted by means of the aforementioned broker; therefore the client should open a forex account with them, and bxtrader will suggest (optionally execute) operations to be done in this account. There are two versions of the bxtrader system

a) Semiautomatic software: You install in your PC a computer application which has a big past database of the currency pairs to be traded and is actualised each time you run it (internet connection required). The software evaluates the actual market state and the potential risks and benefits, and recommends playing or waiting for tomorrow. In the case it recommends playing, you only shall put two boxoption trades each day.
b) 100% Automatic software: This version has the same internal system that semiautomatic one, but is able to open your fxtrade account and put the trades. To make it run in your PC you have to edit three files containing your login password and lot size. The application has an internal clock and it can be always latent, "waking up" five minutes each day to put the trades, or you can execute the application five minutes each day (while you take a coffee break) and close it each time.

There are no link between our servers and your forex account. Your money, personal information and so on are on OANDA servers; bxtrader exclusively submit you its powerful calculation system, but the entire responsibility of running the application and maintain your computer is yours. If you loose opportunities to make money because your computer or internet connection falls bxtrader has no responsibility.

By the other hand, the bxtrader management is not exclusive, and the client is able to trade parallelly or to modify the trades suggested by bxtrader in the client's OANDA fxtrade account. To learn more about bxtrader trading strategy, see the appendix.
There is no minimum investment limit to start trading with bxtrader. You can open a fxtrade account since 1$, but, curiously there is a maximum total simultaneous options size of 20.000$ for each account

1.- How to subscribe

For the semiautomatic system, there is no information required from bxtrader to start trading. The user will place by its own the orders provided by the installed software.
For the 100% automatic system, you can subscribe with us by two ways. The easier is to send us an e-mail to xxxxx@moneyscientist.net (contact address available when purchasing the product) with the login and password of your fxtrade account, and also with the total amount to be managed by bxtrader in your main OANDA sub-account. If

you prefer to keep this private information on your own, you can edit the files containing these dates with an editor (see tutorial attached with the application) and then the application remains customized in your computer but only you know your account information.

2.- How to unsubscribe the service

The easier way to unsubscribe the 100% automatic service is simply changing your password from OANDA website, or switching off the program. In this moment the bxtrader management finishes but your fxtrade account remains open. To withdraw all the funds we recommend you to wait two weeks to let all the open options to mature. In this moment you could withdraw all your money.

3.- Partial or total funds withdrawal

The partial withdrawal is easy to do (visit OANDA website, they have your money, our system only manages it), then if the withdrawn amount is less than the accumulated benefits, you don't have to notify bxtrader about this operation. However, if you withdraw an amount bigger then your benefits, the system could make mistakes when trying to perform operation without money enough.

To avoid mistakes, you should notify bxtrader about you would like to reduce the lot size. This operation has a commission of 30$, that you could pay by means of the icon "account adjustments" in our web. Again there is the option of editing the file that includes your quantity (see tutorial attached with the application) so this operation could be free of charges.

4.- Deposit of new funds

Visit OANDA website. Once the deposit has been done (only for 100% automatic version) please send us an e-mail if you want to increase the amount of each lot. This operation has a commission of 30$, that you could pay by means of the icon "account adjustments" in our web. Again there is the option of editing the file that includes your quantity (see tutorial attached with the application) so this operation could be free of charges.

5.- Other operations with bxtrader system

The system works with fixed lot size during each year. When you acquire the product for a new year you can increase this quantity. Thus, in the long term, the user decides between a trading stile in distribution (fixed lot size) or capitalisation (proportional lot size)

6.- Service costs: fees, commissions and payments

Clients only have to pay for acquiring the software which will work for one year. The 30$ commission for "account adjustments" is optional, because you can choose the option of manually editing the customised files. No other commission is to be paid for benefits or for custody.

Additionally, our broker company, OANDA, only charges commission in the characteristic spreads of each currency pair (included in the price of the option and the cheapest in the forex market) and in the withdrawal operations. This constant fee is 15$ for operation, but 40$ if the operation is the first of the present year.

All payments to bxtrader team will be done by means of its website http://www.moneyscientist.net using the icon “account adjustments”. The spreads charged by the broker are instantaneously subtracted in each operation and reflected in your fxtrade account.

7.-Safety and legality of your funds

7.1.- Safety

Bxtrader is not able to operate outside the OANDA fxtrade account, thus even in the case you have submit us you password to activate the account, we couldn’t put your funds out of your account. In fact, when you open your fxtrade account with OANDA you have to link an exclusive bank account of your own with your fxtrade forex account: all the funds deposits and withdrawals will be made trough this exclusive account. Therefore, bxtrader (if you allow us to) have access to the management of your fxtrade funds, but we never can accede directly to your money.
The aforementioned aspects are relative to a 100% automatic account activated by us. But you always can choose the semi automatic version of the software and also you can activate your 100% automatic system by your own (in these two cases we have not access to your password)
Definitely, your money is in the custody of OANDA, so visit their website (https://fxtrade.oanda.com) to learn more.

7.2.- Legality

The broker company acts globally, having headquarters in Zurich NY and Toronto. The authorities of each country authorize its operative in its region. In Spain (head office of bxtrader) the company is fully legal, and at this moment we have no evidences that Spanish authorities receive any notification about the benefits generated in the account. The unique operative registered in our territory is about the bank transferences effectuated between our bank and the European bank where the broker company’s funds are deposited.

8.-Risks and benefits

No “safe" trading system has ever been devised, and no one can guarantee profits, constant income, or freedom from loss. In fact we have to accept that benefits in middle and long term will vary as a function of market dynamics and we have also to accept some looses in the short term. The topic says: “The past performance is not necessarily indicative of future results”.
However, and accepting that this is a high profit product and the bigger the potential benefits, the bigger their associated risks; we have to mention that bxtrader is a very flexible trading system, available to be adapted to almost all known market scenarios. Additionally all the calculation parameters of the bxtrader system have been adjusted in order to optimise (soften) the “sharpness ratio” of the equity curve. This means that the time to recuperate a maximum after a big drawdown in the equity curve should be as brief as possible, few months or even weeks. See past performance in the next excel file: http://moneyscientist.net/documents/Equitybxtrader.xls

8.1.- Risk Disclaimer

You should read before investing in any variable rate instrument:
Forex, futures and options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This website is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results

If you do not have the extra capital that you can afford to lose, you should not trade in the foreign exchange market. No "safe" trading system has ever been devised, and no one can guarantee profits or freedom from loss.

9.- Exempt responsibilities

End of activity: bxtrader is allowed to close its services in any moment, it means that from this instant no mail will be answered and no actualisations of the software could be purchased. However, the software will keep active during its year of durability, even if moneyscientist team finish their service.
Shared management: The client is always able to supervise, modify or manage their trades. However, if the user is not experienced in forex trading we recommend to operate in a different sub account (bxtrader acts in primary in the 100% automatic system)

10.- Resume

Finally, to trade with bxtrader is:

- Safe: The managers have not direct access to your funds, and you have a worldwide leader forex company taking care of your money. Furthermore OANDA is smart an transparent.
- Profitable: Accepting (read risk disclaimer) that the bigger the potential benefits, the bigger their associated risks.
- Alternative: the system equity shows low correlation with other investment instruments or currency pairs. In fact we don’t have to predict where the price trend will go (up or down) to win money, and we can win money even if the price trend does not move.
- Competitive (Low cost): Both OANDA and bxtrader are really low cost companies. Bxtrader only charges the annual cost of the software, (and optionally the account adjustments) and OANDA is probably the worldwide cheapest forex company.
- Modern: boxoptions are a financial instrument developed by Olsen & Associates in the past year 2004, which actually can exclusively be contracted by means of the OANDA platform. Probably bxtrader has developed the first systematic study of the boxoption behaviour that allows everybody to get profit of its high potential profitability.

- Easy: You only have to open an OANDA fxtrade account and run the bxtrader application to start trading. Any other operation, like deposits, withdrawals etc., is also fast and easy. In less than three days you can get your money from your forex account to your hands or vice versa.
- An amazing opportunity: Boxoptions are an exotic product offered in exclusive by the broker OANDA. Thus, our main problem would be the end of the service by our broker. This fact is not probable because this product attracts many clients, but, who knows?. If this happens and the product is removed from market, it is for us the end of the game, but, until this moment, it will be better to travel into the “winner train”, isn’t it?.

Appendix: About bxtrader, OANDA, and boxoptions

A1.- About boxoptions
A2.- bxtrader trading strategy

A1.- About boxoptions

Boxoptions are a new product, exclusive of OANDA that shares with conventional options that both are priced by means of the "options pricing theory". This theory is based in sophisticated mathematical algorithms applied to market dynamics and its proposal obtained the Nobel award in economics (Black & Scholes, 1997). In its formulation, we accept the hypothesis that market behaviour is described like a Brownian movement, and its main axiom is similar to that of the random games like racetrack betting. Let's explain it with this simple example: *The price of an option is inversely proportional to the probability of this option to mature successfully*, i.e. "if the option is priced 3 against 1, it means that this option will be successful 1 of each 3 times (accepting Brownian equations)".

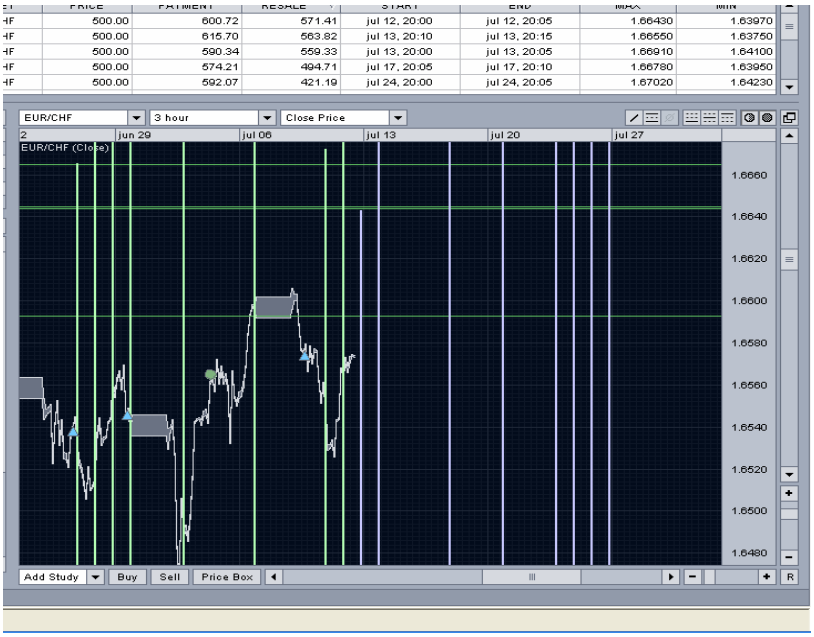

Fig 1.- Figure shows the price curve (included weekend stops), matured boxoptions (green) and the boxoptions contracted to be matured in the next days. If market performs a "big movement" and "jumps" the option we miss it. It can be appreciated that some days the system detects high risk and does not place any option.

But, what is a boxoption?. Let's see it with some examples. Figure 1 shows several thin boxoptions with rectangular or "box" shape. Boxoptions, in OANDA's fxtrade or fxgame platforms are placed by making a picture in the screen with our mouse; then a dialog window is automatically open and we bet that the price curve will "touch" the box... That's all!! Therefore, if we draw an enormous box, the price curve will touch it with absolute probability, and its price, attending to options pricing theory, will be very low: if I buy it by 100$, it will pay something like 10.000001$, but if we deduct the broker commission we will lose money irremediably. On the contrary, if we draw a ridiculously small box or a box far away from the price curve, the probability of success is low and the box will be priced ten against one or even more, but nobody can be that

precise. In the middle term and knowing market dynamics we can be successful, but this will be described above.

The aforementioned inverse proportionality between probability and benefits is known as "*risk neutral result*," in fact, if we make systematically similar trades with the same money in each trade, then the probability will be multiplied by the benefit ratio, and the balance in the long term will be null (we don't win neither lose). In a real situation, in this kind of game we would lose in each trade the broker commission (implicit in the option pricing) and finally we will lose money again.

A2.- bxtrader trading strategy

At this moment, in the previous paragraph (A1), we have only talk about losing money, but there are two important items established:

1) We have to look for a cheap broker with low commissions (no problem, OANDA is probably the cheaper)
2) Assuming that playing randomly or "blindly" (and discounting commissions) we do not win neither loose, if we are able to "open our eyes" and be sensible to market signals, we can displace this neutral balance to the positive side. And this is what bxtrader does.

To understand and forecast successfully market evolution is not an easy task, but it is possible. We are proud to say that after advanced and rigorous systematic studies of different currency pairs, we have found several markets where the statistics could be favourable. Particularly, the market EUR/CHF presents for us an important group of advantages, some of them mentioned below:

a) Low intraday volatility, been markets with similar fundamentals, big volume, and same trading horary. Market "noise" is not desired for our trading strategy.
b) Few surprises related to military or geopolitical stresses
c) Quite technical behaviour

Once decided the best markets, we have to define in any scenario the leverage ("size") of the option that drives to a successful trading strategy. As mentioned in previous examples, we can not base our trading in "safe" (big) options (because all the profits are lost in commissions) and neither in too "risky" options (its small size is eluded by market noise totally unpredictable). Therefore, the success of our trading system consists on drawing boxes big enough to be eluded only for big market movements (these movements are "easily" predictable) and small enough to get reasonable benefits and to win even discounting broker commissions. Once solved the problem of selecting markets and boxoptions size (leverage) is time to solve the real problem consistent on understanding market and forecasting the scenarios with higher and smaller potential risks to define a successful trading strategy.

The equations systems and algorithms exclusive of bxtrader solve the previous mentioned problem, but not only this. In our efforts to develop a really successful trading strategy, we have tried to achieve not only the maximum benefits but also an equity curve as soft as possible; i.e. we have tried to reduce the drawdowns and we have tried to minimize the time to achieve the maximum balance previous to a drawdown. The system is designed to satisfy all these objectives, and the entries, parameters and

equations required to do this task are intellectual property of system developers. In any case, it can be mentioned that we consider technical market indicators, but also other indexes whose ambit is usually related to physical system dynamics or signal processing. On the other hand, both parameters and results are evaluated in different time frames, trying to achieve the most balanced results and the best client satisfaction.