

> nfa rules!

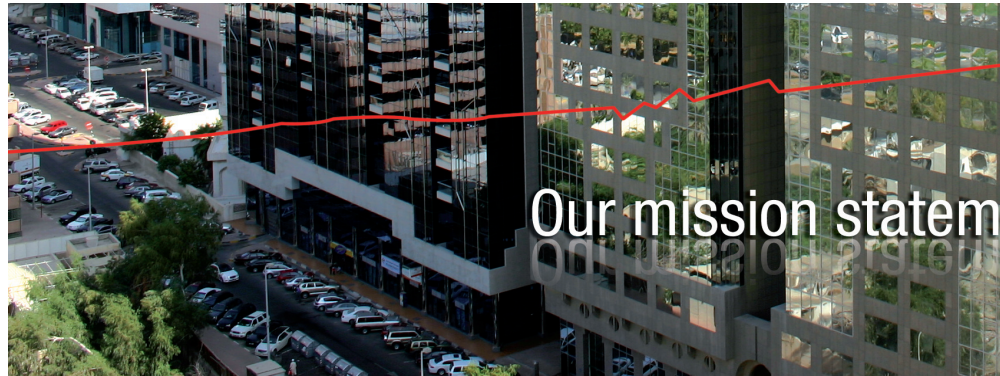
One impact of the financial crisis has been a compulsion on the part of regulators and central governments to flex their muscles. Foreign exchange certainly has not been immune from scrutiny, where in the United States especially, extreme volatility has made complex FX derivative strategies more difficult to execute as liquidity on the underlying options markets becomes more scarce. FX&MM Editor, **Drew Hillier**, hears how one new ruling in particular – passed by the National Futures Association – will require a strategic rethink on the part of FX brokers and their clients alike.



RAMZI CHAMAT
CEO, Tadawul FX

Known somewhat sinisterly as Rule 2-43(b), the major new compliance requirement now into effect impacts all U.S. regulated Forex traders, who will no longer have the ability to place stop-loss or limit orders. Nor will traders be able to modify or close trades from the "Open Positions" window. In a move designed to provide greater transparency and a more accurate picture on multiple positions profit and loss, the NFA has adopted Compliance Rule 2-43(b), necessitating orders to be executed on a First In, First Out (FIFO) basis.

For an industry take on this latest move, I spoke to Tadawul FX, (also known as TDFX) a Swiss Forex Broker operating in Europe, and thus not bound by this U.S. regulation. Whilst appreciating the NFA's aim is to increase transparency, TDFX still continues



to offer traders the option of stop loss and limit features and the ability to modify and close from open positions.

Tadawul FX was founded by CEO Ramzi Chamat in 2006 in Switzerland, and in the course of 2008, expanded and relocated its head office and client operations to Cyprus, part of the European Union. Fundamentally a Swiss company, TDFX continues to run technical operations and systems development from Switzerland. It strictly adheres to vigilant European Union laws, is licensed by EU authorities (CySec/MIFID) and audited by Deloitte Ltd. Tadawul FX is unique and innovative in its approach and vision, and is changing the face of the Forex brokerage.

In sharing his views on the NFA ruling, and his firm's response, Ramzi Chamat explains how TDFX strongly believes that stop loss and limit orders offer many of its trading clients improved risk management and most of them continue to use these methods effectively over time to trade profitably and minimize and manage their risk. Certainly the financial crisis has prompted stricter and more vigilant regulations to be carried out by financial

institutions and authorities, including the NFA's introduction of a string of laws prohibiting US brokers from allowing hedging, as well as adjusting opened orders... "two very common practices carried out by Forex traders," as Chamat reminds us, "causing a stir in the industry, it forced many clients and businesses to shift their trading activities to Europe and other areas where NFA compliance rules do not apply."

Since the introduction of the NFA ruling, Tadawul FX has established many business relationships with US Forex companies that choose to redirect their clients to TDFX and/or use TDFX as a clearing house. "Being a European broker, Tadawul FX does not face the restrictions imposed by NFA and therefore supports clients who seek to successfully trade or establish a partnership with a highly reputable and regulated firm," says Chamat, who keenly emphasises how the Tadawul FX company model is based on "honesty, clarity and durability."

Underpinning this ethos, Chamat explains that the management team – which comes primarily from a Forex background – has witnessed unethical behavior and

practices towards clients on the regular basis. "As a result," he says, "TDFX aims to stand out and differentiate itself from the rest by taking an honest and high quality approach to trading and clients. TDFX is a new generation of brokerage firms that leads through example by offering fair and ethical trading conditions, and remains flexible and transparent with its clients and operations. By offering premier support to clients and affective solutions to partners, most TDFX clients join the company through recommendation of others."

they can take advantage of the MT4 mobile application on their phone or PDA."

Chamat asserts how Tadawul FX has ideal conditions for most traders, whether manual or automated/mechanical traders. It offers low spreads that are fixed 24 hours a day and places no restrictions on strategies clients implement. "Starting from only 1 pip on major cross currency pairs," Chamat explains, "the spread offered to private individuals is more attractive than that provided by many liquidity providers to Forex brokers and financial institutions.

employment of additional experienced staff to add to its team of professionals."

Chamat goes on to say how "TDFX also introduced additional services for Introducing Brokers (IB) to help them grow and develop their business, a MAM system for their 180 asset managers, placed 12 data centers around the world and acquired top of the range IT systems to enhance the trading experience of the clients."

So, this is a dynamic company with a unique approach, whose near future projects, explains Chamat, include



Chamat describes the exceptional products and terms of trading that Tadawul FX provides, offering dedicated and professional support to its clients and partners, and remains considerate and responsive to client feedback, adjusting to changes and developments in the market as and when necessary. "We have thousands of Forex brokers in the world," comments Chamat, who maintains that "what makes the difference is servicing."

The Tadawul FX team is also keen to educate and support its clients and partners to enhance their experience in the business. As Chamat says: "TDFX offers one of the most user-friendly, stable, and reliable trading platform in the market, Metatrader 4 (MT4). The platform exists in more than 20 languages, allowing TDFX to work with clients from around the world. The platform allows users customize the setting to trader's requirements, use import/export indicators and historic data, connect Expert Advisers, and trade not only Forex, but also Futures, CFD's, commodities and indices. The platform is also suitable for TDFX partners, asset managers and traders who require trading information on the go as

In addition to very competitive spreads, clients can also be assured that they will not have slippage on orders, and as TDFX is a STP broker the execution is automated and all positions are covered in the real market guaranteeing receipt of profit. Due to favorable conditions, a significant number of EA programmers also make TDFX their first choice for testing new EAs. Tadawul FX facilitates for all types of traders by offering accounts tailored to their needs, from MINI accounts (USD500+) for beginners, to Premium accounts (USD250,000+) for more seasoned traders, there are also Corporate accounts and Islamic accounts that strictly adhere to the Sharia law."

"Establishing a relationship with TDFX means continuous and ongoing support from a personal Account Manager, access to shared systems, attractive commissions, promotion and advertisement, and most importantly transparency, honesty and professionalism," Chamat tells us. "We are a fast growing company with monthly volume turnover of USD 22 billion. Its ongoing growth was recently marked by a relocation of its Head Quarters to a deluxe office in a prime location in Limassol, Cyprus and

introduction of crude oil, natural gas, futures, CFD's, Mini Dow Jones and Nasdaq and it's own Expert Adviser to add to the range of products. "TDFX is also in the process of acquiring a CTA asset management fund," adds Chamat, "which will yield competitive returns on investment and further contribute to its vision of diversification and expansion. The long term goal for Tadawul FX is not only to continue its success in the Forex industry but also establish a more solid global presence and eventually develop into an investment institution."

Finally, returning to the thorny issue of the NFA and Rule 2-43(b), Ramzi Chamat concludes: "As an MT4 broker also offering trading with Expert Advisors, we feel it is important not to limit the functionality of this excellent trading platform or Eas, and as a non-US broker, we will continue to offer these options to our clients." with us." >

For further information and assistance, visit: www.tadawulfx.com