

The iFOREX Brokerage Ltd.

fulfilling publicity and disclosure obligations

In accordance with the provisions laid down in Hungarian governmental decree 164/2008 (VI.27) and the regulations of iFOREX Brokerage Ltd. concerning the publication of information related to risk taking and risk management the following information is published:

1.) Principles and methods of risk management

The iFOREX Brokerage Ltd. regards the proper management of risks very important, taking special focus on investigating and managing operations that may be different from the applicable practices within the scope of the activities of the entity. Monitoring integrated into the processes and regular and random checks carried out by the management as well as participation in the workflow is an essential tool to tackle the above detailed duties.

iFOREX Brokerage Ltd. possesses all the regulations that the legislation deems as obligatory.

The risk assessment carried out by IT Business Consulting Magyarország at iFOREX Brokerage Ltd., and the complementary professional and management summary aimed to investigate and reduce the possible risks.

Within the organisation iFOREX Brokerage Ltd. has formed its regulations concerning the operation and processes of its organisational departments to:

- make possible the independent provision of activities and tasks, including the clear and consistent division of the necessary roles and responsibilities;
- to guarantee that the managers of the given organisational units are not in a subservient or command relation, therefore reducing the possibility of situations which may lead to the breach of right in terms of equity links;
- to provide access to information only to the authorised, reducing the risk of information abuse which may arise during the internal business activities;
- to make them transparent;
- to empower monitoring incorporated into the process and make objective discretion possible.

By the monitoring incorporated into the process iFOREX Brokerage Ltd. divided its activities into work phases and roles, which monitor each others work. In order to reduce human risks the processes are mainly automated by technical and IT solutions.



The internal controller monitors the workflow of iFOREX Brokerage Ltd. based on the work plan and related regulations approved by the Supervisory Board. The internal controller shall report the Supervisory Board and/or the management of iFOREX Brokerage Ltd. and/or the Supervisory Board to the Board of Directors on the findings of the monitoring.

2.) Publication concerning adjusted capital

Capital calculation of iFOREX Brokerage Ltd. as of 31 December 2010

TOTAL EQUITY WARRANTS THAT MAY BE CONSIDERED TO COVER RISKS	98 998 277
CORE CAPITAL	98 998 277
REGISTERED CAPITAL BY THE COMMERCIAL COURTS	100 000 000
CORE CAPITAL RESERVES	1 451 933
MINIMUM CORE CAPITAL REQUIREMENTS	56 919 794
TOTAL CAPITAL REQUIREMENTS FOR CREDIT, COUNTERPARTY, LIQUIDATION AND UNSECURED TRANSACTIONS	16 281 916
CAPITAL REQUIREMENTS FOR SETTLEMENT RISKS	0
TOTAL CAPITAL REQUIREMENTS FOR TRANSACTIONS, FOREIGN EXCHANGE RATE AND COMMODITIES RISKS	0
TOTAL CAPITAL REQUIREMENTS FOR OPERATIONAL RISKS	40 637 878
OTHER AND TRANSITIONAL CAPITAL REQUIREMENTS	0
TOTAL EQUITY WARRANT AFTER TAKING INTO CONSIDERATION THE REQUIREMENTS OF THE SUPERVISORY REVIEW (SREP)	98 998 277
TOTAL CAPITAL REQUIREMENTS AFTER TAKING INTO CONSIDERATION THE REQUIREMENTS OF THE SUPERVISORY REVIEW (SREP)	56 919 794



EQUITY WARRANT SURPLUS / DEFICIT AFTER TAKING INTO CONSIDERATION THE REQUIREMENTS OF THE SUPERVISORY REVIEW (SREP)	42 078 483
CAPITAL ADEQUACY INDEX AFTER TAKING INTO CONSIDERATION THE REQUIREMENTS OF THE SUPERVISORY REVIEW (SREP)	173,92 %
TOTAL EQUITY WARRANTS THAT MAY BE CONSIDERED TO COVER RISKS	13,91 %

3.) Requirements set in 160 (1) of Bszt (Law on the investment services)

Internal capital requirement calculation safeguards the management to evaluate the related risks.

The capital available to cover risks at iFOREX Brokerage Ltd. (Hamilton Zrt.) was HUF 46 750 724 on 31 March 2009. The capital requirement for solvency ratio was HUF 13 934 871, while the capital requirement for trading book risks was HUF 46 750 724. The regulatory capital surplus was HUF 168 680 520.

4.) iFOREX Brokerage Ltd. does not deal with deferred payment or provide loans, therefore credit risk does not arise.

5.) Partner risk of derivatives

iFOREX Brokerage Ltd. receives orders from its clients for standardised and non-standardised derivatives in accordance with the following principles:

- At the same time the order for the derivative transaction has been made - in line with the methods and measures set in the cover and securities announcement and code of business of iFOREX Brokerage Ltd. - the coverage necessary for the the transaction must be available on the account of the client.
- In case no cover is available the clients - in line with the methods and measures set in the cover and securities announcement and code of business of iFOREX Brokerage Ltd.- shall provide the necessary coverage.

6.) Positions registered in the trading book



iFOREX Brokerage Ltd. registers in its trading book:

- those investment asset and goods positions that were acquired in order to realize its short term profit as a consequence of bid and offer differences or changes in the interest rate: governmental bond, MNB-bonds, stocks traded on the stock exchange, futures exchanges and derivatives exchanges, goods (excluding options), open end investment certificates, FX forward transactions;
- risks taken as a consequence of open account, late settlement, over the counter transactions linked directly to the positions registered in the trading book;
- fees, commissions, interest, dividend or deposit placed in connection with a stock exchange deal linked directly to the positions registered in the trading book;
- partner risks arisen in connection with brokerage.

iFOREX Brokerage Ltd. - in order to define the required capital - shall assess the positions of investment assets registered in the trading book, foreign exchange positions arisen in the course of its activities, and goods positions on every business day in accordance with the rules set in its "Regulations concerning the management of the trading book.

iFOREX Brokerage Ltd. does not open positions for trading purposes in its own account.

7.) Capital requirement of operational risks

The operating risk of iFOREX Brokerage Ltd. involves especially:

- legal risks,
- security risks,
- risks of given services,
- IT risks,
- data provision risks,
- internal regulations risks,
- risks of the monitoring system,
- risks of the accountancy system,
- money laundering risks,
- risks of managing isolated client funds,



- and personal risks.

iFOREX Brokerage Ltd. manages and assesses its operational risks in line with its internal regulations.

8.) Titles not included in the trading books

iFOREX Brokerage Ltd. does not register its proprietary positions in the trading book since those were purchased exclusively for investment purposes and are usually kept until expiry. .

Az iFOREX Befektetési Szolgáltató Zrt. saját tulajdonú értékpapírjait, mivel azokat kizárólag befektetési céllal vásárolta és általában lejáratig tartja őket, nem tartja nyilván a kereskedési könyvi pozíciók között.

Budapest, 06 June 2011

iFOREX Brokerage Ltd.



iFOREX Brokerage Ltd.

Authorized and regulated by the Hungarian Financial Services Authority

HFSA Register number: III/73.059-4/2002

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