Spot WTI Light Crude Oil
Spot BRENT Crude Oil

Definition :

Spot oil contracts, CFD Spot WTI Light Crude Oil (Spot WTI CFD) and Spot Brent Crude Oil (Spot Brent CFD), enable traders to easily take a long term position on oil. Their main advantages are:

- **No expiration**. Compared to WTI and Brent Futures CFD which expire each month, and therefore need to be renewed (roll-over), spot oil contracts have an unlimited time span. They make life easier because there is no need to remember to roll the position before expiration. They also save transaction costs associated to the roll-over.
- **No financing fee**. The only fees are the transactional costs at opening and closing of a position.
- **Price based on the underlying futures**. Prices of spot oil CFD can easily be followed because they correspond to prices of WTI and Brent futures as communicated by the media.

How it works:

The underlying future for the CFD Spot WTI is the WTI Mini Crude Oil Future, which is quoted electronically on the CME[i]. The Mini Crude Oil Future expires each month on the 4th opening day before the 25th of the expiry month at 2.30 pm ET (New York time). The price of the Spot WTI CFD is automatically adjusted to the new contract one day before expiration. On this evening, the CFD will be **suspended from trading** between 2.30 pm and 6 pm ET.

The underlying future for the CFD Spot BRENT is the BRENT Crude Future, which is quoted electronically on the ICE[ii]. The Brent Crude Future expires each month on the first or second business day before the 15th day preceding the first day of the expiration month at 8.30 pm CET. The price of the Spot Brent CFD is automatically adjusted to the new contract one day before expiration of the Future. On this evening, the CFD will be **suspended from trading** between 8.30 pm and 2 am CET.

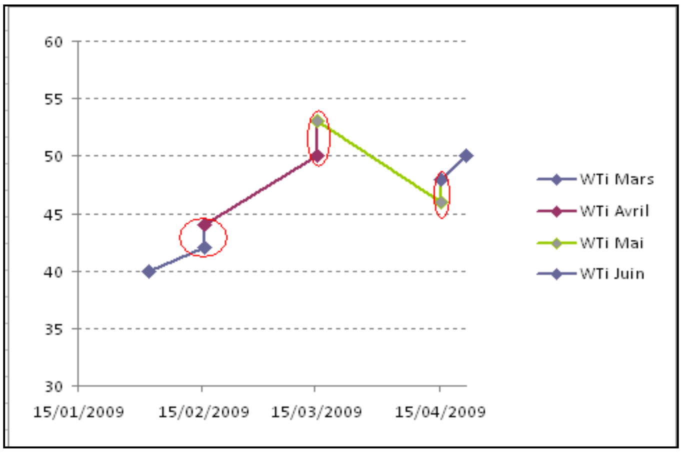
Because of this, the chart and the account will undergo a monthly adjustment after the expiration.
These adjustments **do not affect** the account value.

Chart adjustment :
One day before expiration of the underlying future, the spot price is adjusted to the new expiration. This usually causes an upward shift (see highlighted circle on the chart).

Cash adjustment :
An upward shift generates a profit. The account is then debited to cancel this gain. A downward shift generates a loss. The account is then credited to cancel this loss.

Cash adjustments are made during the trading suspension.

Evolution - CFD Spot WTI – March - June 2009



Evolution of a position :

- The entry price is displayed on the chart and on the quote board.

WTI: Profit/Loss = (current price – entry price) x #lots x $100 + cumulated cash adjustments

- So …
  - To keep a position for several months, there has to be sufficient cash on the account to compensate the cash adjustments.

- A long position and a current price superior to the entry price does not necessarily mean a winning position. It is necessary to take into account the impact of the cash adjustments.

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[i] Chicago Mercantile Exchange
[ii] Intercontinental Exchange