

library. Computers tend to save usernames and passwords without prompting for the users' consent. In such cases, users need to delete all personal information from that computer.

· There is always a possibility of losing internet connection unexpectedly. Users should pay attention that the connection is always established while trading.

· As with any other secured computer and internet transaction, E-traders should make sure that an up-to-date and functioning anti-virus and anti-spyware software is installed.

· Occasionally, market watch screens may pause. In this situation the prices would not be updated or current. This situation rarely occurs, but in case it does, users should look out for blinking signs on the computer screen, if nothing is blinking for a period of two minutes or more then it probably signifies some technical difficulty which needs attention.

· A Market Order ID Number (MOIN) is provided after each trade. If no MOIN is provided then your trade was not validated. Customers need to promptly contact their brokers to validate such trades via use of traditional methods. Although such failures are extremely rare, they still occur and need attention.

Final Important Notes

· The signed agreement authorizes the brokerage firm to debit from e-trade accounts any dues, fees and commissions associated with e-trades.

· The brokerage firm should be contacted in case of loss of account login information. The brokerage firm will reset the password upon request, after verifying personal information for security purposes. A new temporary password will then be sent to the e-trade account holder's email address.

· For any questions or concerns regarding e-trading or any other type of transaction, investors are encouraged to contact their brokers - brokers are there to help.



For further information, please do not hesitate to contact us at our address:

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How to Trade Stocks at the Palestine Exchange (PEX) via the Internet

E-trading



How to Trade Stocks at the Palestine Exchange (PEX) via the Internet (E-trading)

Stocks and other securities are usually traded in the securities market through brokerage firms that are licensed by the Capital Market Authority and are certified members of the exchange. As a rule, before executing any trading transaction the brokerage firms must set up trading accounts for their clients on the electronic database of the Clearing, Depository and Settlement Center (CDS) endorsed by the exchange.

E-trading in Brief

Our lives have changed dramatically because of technology and incredible advances in communications. Today, the Internet and email have permanently changed the way we live and communicate. In the face of these changes, securities markets have taken the initiative to develop new services for the benefit of investors. Traditional trading methods of securities are being gradually supplemented and sometimes totally replaced by the use of 'e-trading'.

Anywhere they may be, investors can manage their financial investments over the Internet through e-trading. This service allows investors to issue trading orders and monitor their execution over the internet in real time. Currently, e-trading is in use at a number of Arab stock markets and is available to investors on most foreign stock markets.

What is E-trading?

E-trading is an electronic system through which investors can place buy and sell orders directly through the internet without any human intervention. This is done via specialized trading software available on the website of brokerage firms. E-trading is an alternative to the traditional trading methods that usually require direct contact with brokerage firms.

Key features of E-trading

- One of the most important features of e-trading is the higher speed at which trade orders can be executed as compared to the traditional methods. E-trading eliminates the need for physical contact with a broker and the need to wait your turn for your trade order to be executed. Instead, trades can be automatically executed from any location with internet access, whether it be at home, in an office or even one's car.
- E-trading allows access to market data in real-time. It also permits the monitoring of execution orders and helps in managing one's portfolio of investments.
- E-trading gives better opportunities in making efficient investment decisions while observing trading sessions online. This improves the ability of investors to take advantage of opportunities as soon as they materialize.

How to use E-trading?

1. Before considering the use of e-trade, an investor is encouraged to carefully study the e-trading agreement that is available at the PEX website and the websites of the member brokerage firms. This is a legally binding agreement which indicates the signers' understanding of e-trading terms and conditions.
2. Signing the agreement creates an e-trade account with the investor's brokerage firm. It also entails a deposit of a minimum cash balance by the investor into the account. The broker will then provide the investor with a default User ID and password to access the account. It is advisable to change the password after the initial access of the e-trade account. The responsibility of safekeeping the User ID and password lies with the investor, the owner of the account.
3. At this point, the investor is ready to begin trading via the e-trading account wherever internet access is available.
4. To start trading, investors need to download the e-trading software from their broker's websites. A login screen will appear and investors can login using their user ID and password. Investors will then be ready to trade stocks directly from their computer screens. The e-trading software automatically verifies the cash balance in the account to ensure payment for the buy orders. In addition, it verifies the availability of stocks in the account when selling. The trading software transmits the details of trading activity directly to the account at the brokerage firm. E-trade orders can only be executed during the trading hours of the Exchange.
5. The e-trading system automatically arranges and matches orders according to their specified price and time. A trade takes place when opposite orders match in both quantity and price. The order remains in the system until a match takes place or the order is cancelled or expired.



6. Clearance, deposit and settlement (CDS) take place directly after successful trades. The buyer's e-trade account will be debited by the amount of the purchase and credited by the purchased stocks. Transfer of ownership from the seller to the buyer's account usually takes 3 business days (T+3).

General Instructions for Investment in the PEX via E-trading

1. Order entry requires extreme caution

E-traders need to be extremely cautious. Buy and sell orders can be executed temporarily and are final and irreversible.

2. Know the basic rules of e-trading

It is very important to study best practices of e-trading and to acquaint oneself with the advice of experts. A complete understanding of the basic rules of investment in securities through e-trade is a must. The ease and speed of e-trading means more attention is required to avoid unnecessary losses. E-trading expertise is important as losses may be substantial.

3. Understand the risks and returns of investment.

No matter how easy investment in securities appears to be, it involves risk. The three basic rules of investment are (in order of expediency):

- Identify what to trade.
- Identify on what basis to trade stocks.
- Understand and identify the level of risk.

Risks of E-trading

- Like any other password protected internet account, the main risk inherent in e-trading lies in username and password theft. It is very important that you do not use your login data on a public computer such as those found in internet cafés, or general computers in a

