

Trade Leaders™ Network Recruitment and Due Diligence Practices

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Recruitment & Due Diligence Practices

Currensee is the leader in bringing the world currency markets to investors and financial institutions around the world as a viable alternative asset class. The Currensee Trade Leaders™ Investment Program delivers the diversified and uncorrelated performance of Currensee Trade Leaders, an elite network of emerging foreign exchange managers recruited by Currensee. This document explains the selection criteria and rigorous due diligence process.

Recruit**Assess****Test****Measure & Approve****Monitor**

Recruit: Identifying Trade Leader Candidates

Currensee has created an elite network of top emerging foreign exchange managers. We call them Trade Leaders. The Trade Leader selection process starts with finding and recruiting new Trade Leaders into the program and continues with multiple phases of reviews and due diligence.

One of the benefits of the Trade Leaders Investment Program is that Currensee identifies managers from all over the world to join the program. We find and recruit Trade Leaders in a variety of ways. The Currensee Trade Leader Management Team is constantly reviewing the top financial sources in the world seeking emerging managers who could meet the criteria to be a Trade Leader.

The Currensee Forex Trading Social Network of thousands of Forex traders is one of several sites for Trade Leader recruitment. The best traders of the social network bubble up to the top of the Trader Leaderboard and are evaluated by the Trade Leader Management Team.

Due to the world wide reach of the Trade Leaders Investment Program, many Trade Leaders introduce themselves to Currensee through our website, at seminars and events, or through a referral from a partner or investor. The company receives hundreds of applications each month by potential Trade Leaders looking to gain a coveted spot on the Currensee Trade Leader Leaderboard.

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Assess: Trade Leader Due Diligence Process

Because the Trade Leaders network is elite, our standards are high for new candidates. Most candidates do not meet the rigorous requirements of the program as we are striving to find the top emerging foreign exchange managers in the world. There is a detailed assessment process to our due diligence for Trade Leader candidates that consists of strategy review, live performance testing, and final review and decision on acceptance into the program. Here is more detail on each of the steps.

Assessment Process: The first part of Trade Leader candidacy is a series of interviews and structured discussions, culminating in a review with the Currensee Executive Review Team.

1. Interview Questionnaire: Trade Leader candidates, to begin the process, must complete the Signal Provider Background Questionnaire, which must be fully filled out by the candidate and sent back to the Trade Leader Management Team along with the Contract. This questionnaire asks the candidate to spell out the specifics of his or her trading and risk management practices.

2. Profile Setup: Candidates must link their leader account to Currensee by registering in the Currensee community so that we may assess risk and performance statistics.

3. Trade Leader candidates start by being assessed in the following ways:

STRATEGY

Understand the candidate's goals and approach to trading

PERFORMANCE

Review returns and correlation versus the S&P and other Trade Leaders

RISK MGT.

Assess use of trading leverage, stop losses, and pip targets

HISTORY

Qualify experience as professional trader, money or asset manager

AUTOMATION

Review use of automation strategies if applicable

Risk management practices are critical for every Trade Leader. The Trade Leader Management Team reviews a candidate's risk management controls and a candidate might be disqualified for using the following practices:

- Inconsistency between stated and executed strategies
- Holding more than 20 positions at a time
- Risking more than 20% of balance on a set of open positions
- Excessively adding to losing positions outside of plan
- Lack of an acceptable stop-loss and take-profit strategy
- Dollar cost averaging out of loss for more than 5 positions or more than 20x leverage of the original

4. Interview: Trade Leader candidates undergo a series of interviews to validate their background and strategy. Candidates must provide the details of their risk management strategy and qualify as suitable business partners.

5. Contract and Trade Leader Questionnaire: Trade Leader candidates who pass through the assesment process will be provided a contract which must be signed and sent back to the Trade Leader Management Team. This contract includes a commitment to risk management practices.

6. Candidate Review: The list of Trade Leader candidates is reviewed regularly with the Currensee Executive Review Team.

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Test: Live trading and Background Check

The assessment phase is based mostly on information reported by the candidate. In the testing phase, Currensee puts the candidate's actual trading into production and performs a formal background check.

1. **Live Test:** Before a Trade Leader candidate is accepted, Currensee runs a Live Test using real funds in Currensee accounts and in the Currensee Intelligent Trade Replication™ production environment. Although the candidate's account is connected to the Currensee system, Currensee investors cannot see or invest in the candidate at this stage.

- Currensee funds an investing account in order to follow the candidate.
- Operational adjustments are made to ensure the Currensee investment account properly receives the trades.
- Trade execution is assessed by the team, and adjustments to the candidate's setup are made as necessary, watching for:
 - ▶ Inaccurate or poor scaling of positions
 - ▶ Pairs not supported
 - ▶ Slippage
 - ▶ Trading on very volatile news events
 - ▶ Pip targets lower than expected
 - ▶ Excessive adding to losing positions
 - ▶ Candidate's ability to respond to issues over the lifecycle of the test

2. **Background Check:** Before a Trade Leader candidate is accepted, Currensee reviews the candidate's name against a variety of databases to thoroughly check the Candidate's background.

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In the final review, the candidate's portfolio is presented to the Currensee Executive Team for review and a final go/no go decision. All members of the review group must agree on the candidate's qualification in order for a Trade Leader to be accepted into the program.

In the go-live review, the results of the Strategy Assessment, Interview, Signal Provider Background Questionnaire, Background Check and Live Test are reviewed by members of the Executive Team for a decision on whether the candidate can go live as a Trade Leader. The discussion focuses on the candidate's trading and also on their fit into the total portfolio of Trade Leaders available to Currensee investors.

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Monitor: Ongoing Review of Trade Leaders

From the moment a Trade Leader is accepted into the program and made available to investors for allocation, the Trade Leader Management Team continues to watch for issues that can arise. Trade Leaders that deviate from their agreed upon risk management guidelines or incur unacceptable drawdown levels may be suspended from the program at any time. Suspended Trade Leaders may reapply – and some have been accepted – but they start the process over from the start.

Checks & Balances



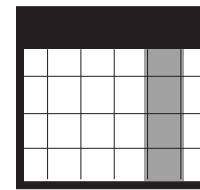
Hourly

The Currensee system reports hourly on missed trades, categorizing them by various causes, such as scaling problems, unsupported pairs and lost broker connectivity. Any time these values for a given Trade Leader or broker get too high, the team investigates to determine the root cause of the problem.



Daily

The Trade Leader Management Team receives daily reports of changes in allocated capital, summaries of Virtual Margin Calls and trade execution issues. The team investigates any unusual activity to make sure the Trade Leaders are adhering to their stated strategies and risk management practices.



Weekly

Every week, Trade Leader performance is reviewed in the Currensee Executive Team, alongside new Trade Leader candidates. The Trade Leader Management Team reviews drawdowns, volatility, and general trading patterns and activity.

In addition, the Trade Leader Management Team checks in with each Trade Leader regularly by phone or email, even if no unusual activity has occurred.

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