



**Grand Capital**

**THE REGULATION OF PROCESSION  
AND EFFECTUATION OF TRADING  
TRANSACTIONS**

**GrandCapital Ltd.**

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# THE REGULATION OF PROCESSION AND EFFECTUATION OF TRADING TRANSACTIONS

**Determining the order of processing of trade orders and trading transactions between the company Grand Capital Ltd. and the Client from September 01 2010.**

## 1 GENERAL TERMS

1.1 The actual Regulation determines the order of the Execution of queries and Client's orders on trading transactions: opening and closing of trade positions, placing, removing, and changing the order level.

1.2 The actual Regulation also aims to identify:

1.2.1 the principles of making trading transactions under normal market conditions and peculiarities of their effectuation in conditions different from normal;

1.2.2 the actions of the Company in respect of open positions of the Client in case of failure margin;

1.2.3 the actions of the Company in respect of open positions of the Client in case of runtime errors and quotation errors, the Company's equipment failures and other violations of the normal operation of the trading platform;

1.2.4 the actions of the Company in respect of the closed positions of the Client in case of margin failure, errors of Execution and quotations, the Company's equipment failures and other violations of the normal operation of the trading platform, discovered after the closing of the transaction;

1.2.5 the actions of the Company in the event of emergency of major force circumstances;

1.2.6 the procedure of settling disputes and ways of exchanging information between the Client and the Company.

1.3 In case of a discrepancy of certain conditions of the actual Regulation with certain conditions of the Client's Agreement and other documents the Company, subject to the conditions of the actual Regulation. This circumstance does not entail the invalidity of the remaining conditions of the documents stated.

1.4 The actual Regulation is an integral part of any agreement between the Company and the Client.

1.5 The Company has the right to change the actual Regulation without prior notice to the Client. Changes take effect after the publishing of a new edition of the Regulation. Trading transactions unfinished at the time of effectiveness of the new edition of the Regulation are regulated according to the current edition of the Regulation.

1.6 Words, as used in the singular shall also mean the plural and vice versa. Words, as used in any way, imply other kinds.

1.7 Unless specified otherwise, the reference to a paragraph, side or chapter, is respectively, a reference to the paragraph, side or chapter of the actual Regulation.

1.8 The actual Regulation, the Client's Agreement and the Risk Disclosure Statement should be read carefully by the Client as they define all the conditions under which the Client is effectuating trading transactions.

## 2 TERMS AND DEFINITIONS

**The Company** - Grand Capital Ltd. - a legal entity that provides execution of conversion arbitrage transactions and ensures all the respective payments are settled pursuant to contracts, agreements and other documents it enters into with a Client.

**A Client** - an individual or a legal entity that carries out conversion arbitrage transactions via the Company at quotes provided by the Company.

**Conversion arbitrage transaction** – a buy or sell transaction between the Company and the Client with the subject being a currency contract, a futures contract, a binary options contract or an index contract. The said transaction implies at least two opposite buy and sell operations of equal lot volume to be carried out.

**Sub-Account** - special internal account a Client opens with the Company, used to keep records on mutual obligations of the Company and a Client arising from transactions carried out between the Client and the Company under the Client Agreement.

**Base currency** - currency, in which an account's balance, all other balances, commission fees and charges are denominated and calculated.

**Open position** – buy (sell) transaction not covered by the opposite sell (buy) transaction with a contract.

**Floating Profit/Loss** - floating (unrealized) profit (loss) from open positions calculated at current quote values.

**The Company's business hours** - the time interval within duration of a business week, in the course of which the Company's trading terminal enables trading standardized currency contracts and index contracts. The business hours are exclusive of weekends and holidays, times of temporary changes in the Company's internal procedures and times when provision of service to clients is unavailable due to technical difficulties. In these cases the Company is obliged to take all measures possible to notify the Client of the operation mode change and to enable a Client to eliminate resulting exchange risk.

**Lot** - a measurement unit of a transaction volume.

**Guaranteed Lot** – a trade volume which is applied to Limit orders and equals 0.9 of standard Lot.

**A Transaction** - a complex of trading transactions involving funds conversion from a base currency to a quote currency and vice versa.

**Balance** - an amount remaining in a Client's sub-account after the last transaction within any given time period is closed.

**Spread** - the difference between a buy price and a sell price of a base currency at the same

moment of time.

**Storage** (storage-swap) - a fee deducted from or added to a Client's sub-account for prolongation (transfer) of a trading position for another day.

**Equity** - a margin-backed part of a Client's sub-account inclusive of open positions, which relates to the Balance and Floating (Profit / Loss) by the following formula:  $\text{Balance} + \text{Profit} + \text{Swap}$ . These are funds in a Client's sub-account reduced by a current floating loss and increased by a current floating profit.

**A Current market price** - a current price, at which transactions with a particular contract (currency or index) are made in the interbank market or an exchange.

**Margin** - a security deposit necessary for maintaining open positions, which equals to 1% (with the leverage of 1: 100) of the total lot volume of the positions.

**FreeMargin** - funds not used as a security deposit for maintaining open positions. It is calculated by the formula:  $\text{Free Margin} = \text{Equity} - \text{Margin}$ .

**Margin Level** - characteristic value indicating the state of a trading account. It is calculated by the formula:  $\text{Margin Level} = \text{Equity} / \text{Margin}$ .

**Stop-out level** - state of a sub-account involving open positions being forcedly closed by the Company at current quotes.

**Margin Trading** - conduct of currency contract-based and (or) index contract-based arbitrage transactions with positions volume exceeding the variance margin size by several times.

**In/Out** - an amount of funds deposited by clients with the deduction of amounts withdrawn without considering profit from profitable transactions made within a reporting period.

**Bonus** – funds, remunerated by the Company to the Client's trading account for trading transactions.

Bonus funds cannot be withdrawn or transferred by the Client to another account, unless otherwise specified in bonus regulation.

### **3 GENERAL WAYS OF TREATMENT OF TRADING REQUESTS OF THE CLIENT**

3.1 The client applies for the Company to perform trading operations of the following types:

3.1.1 Buy – request on purchasing a financial instrument;

3.1.2 Sell — request on selling a financial instrument;

3.1.3 Buy Stop – request on nomination of a pending order, which is transformed into a Buy order in case of Execution. The price level, defined in the request is higher than the price at the time of application.

3.1.4 Sell Stop – request for nomination of a pending order, which is automatically transformed to Sell in case of Execution. The price level, defined in the request is lower than the price at the time of application.

3.1.5 Buy Limit – request for nomination of a pending order, which is automatically transformed to Buy in case of Execution. Price level, defined in the request is lower than the price at the time of application.

3.1.6 Sell Limit – request for nomination of a pending order, which is automatically transformed to Sell in case of Execution. Price level, defined in the request is higher than the price at the time of application.

3.2 When effectuating trading transactions two Execution mechanisms are used: «Market Execution» or «Instant Execution». The type of the mechanism used is defined by the type of the trading account, opened by the Client in the Company. Trading in futures is only available with Market Execution!

3.3 The processing of a Client's request on a trading transaction filed via a client's terminal, goes through the following steps:

3.3.1 The Client makes a request which is tested for validity in the client's terminal;

3.3.2 the client's terminal sends a request to the trading server;

3.3.3 in case of a stable connection between the client's terminal and server, the Client's request arrives on the server and is tested for validity;

3.3.4 a valid request of the Client is placed in a queue sorted by time of the request, while in the "Order" window of the client's terminal reflects the current status of the query or request: "Order received";

3.3.5 requests received in the queue ahead of other requests are submitted for processing, while the "Order" window of the client's terminal reflects the current status of the request processing: "Order being executed";

3.3.6 the result of processing of the client's request arrives on the server;

3.3.7 the server sends the result of processing of the client's request to the client's terminal;

3.3.8 in case of a stable connection between the client's terminal and server, the client's terminal receives the result of processing of the client's request.

3.4 The Company rejects the requests of the Client that failed the validation test.

3.5 The Client has the right to cancel a previously filed request only while it is in the queue and has the status of "Order accepted". To cancel the Client must click "Cancel Order". The Client may not cancel a request, sent by his/her Adviser.

3.6 The Client may not cancel a previously sent request if it has already entered processing and has the status of "Order being executed".

3.7 Request processing time depends on the quality of communication between the client's terminal and the server, as well as on market conditions. Under normal market conditions the duration of processing of the request of the Client is typically 1-10 seconds. Under market conditions different from normal request processing time may increase. In addition, each Client's request is placed in a queue for processing, has a limited waiting time of treatment. Maximum processing time of the requests is 2 (two) minutes after its admission to the trade

server. If during this time the application was not processed, it is automatically removed from the queue as redundant.

3.8 The Company has the right to refuse the request of the Client in the following cases (in this case in the client's terminal window one of the messages will appear: "No price", "Denied by the dealer," "Insufficient funds", "Trading is disabled"):

3.8.1 at the opening of a market, if the Client sends a request before the first market quotes arrive to the trading platform;

3.8.2 at the closure of a market, if the Client sends a request after the last market quotes arrive to the trading platform;

3.8.3 if during the processing of the request of the Client the Company lost stable connection with the server;

3.8.4 if during the processing of the request of the Client the trading server lost stable connection with the sources of quotations;

3.8.5 when the Client does not have enough margin to open a position of the required capacity;

3.8.6 when market conditions are different from normal;

3.8.7 if the recent ratio of the number of sent requests to the transactions made of the Client in question consistently exceeds reasonable limits;

3.8.8 due to exceeding the available limit on the total amount of the client's position and/or the total number of placed orders for this type of account.

3.9 Not valid. The client's terminal is the Client's primary means of filing to the Company. If the type of account allows feedback of requests and inquiries by telephone, the Client has the right to use this service through an operator of the Company only in case of failing to return such applications or requests via the client's terminal. The Client is obliged to follow the "Phone conversation with an operator plan".

#### **4 EFFECTUATION OF TRADING TRANSACTIONS**

4.1 A trading transaction on purchase is made according to the Ask price. A trading transaction on opening a position for sale is made according to the Bid price.

4.2 A trading transaction on closing a position for purchase is made according to the Bid price. A trading transaction on closing a position for sale is made according to the Ask price.

4.3 When using the «Market Execution» system of Execution of trading requests of the Client, the Company guarantees the Client the Execution of the request under normal market conditions and subject to its correctness.

4.4 When using the «Market Execution» system of Execution of trading requests of the Client the Company does not guarantee the performance price. During the effectuation of the request the performance price may change substantially as a benefit to the Client, and vice versa.

4.5 When using the «Instant Execution» system of Execution of trading requests of the Client,

the Company guarantees the Client the Execution of the request under normal market conditions and subject to its correctness, according to the price agreed upon in the client's terminal.

4.6 When using the «Instant Execution» system of Execution of trading requests of the Client, the Company does not guarantee the Client the Execution of the request, as during the effectuation the price may change significantly. In this case the Company is obliged to inform about this via the client's terminal, and new prices will be offered to the Client.

4.7 When using the «Instant Execution» system of Execution of trading requests of the Client is forbidden to close position or open hedge position on the same instrument earlier then 5(five) minutes after opening position.

4.8 When using the «Instant Execution» system of Execution of trading requests of the Client the Company reserves the right to cancel any Client's transactions that was not satisfied with paragraph 4.7 of this Agreement

4.9 The Company reserves the right to change system of Execution of trading requests of the Client from «Instant Execution» to «Market Execution» without any explanation with notification by trading platform internal mail.

4.10 Under market conditions, different from normal, the application may be rejected by the Company or executed at a price different from the declared.

4.11 Any order of type Sell Stop, Buy Stop, Sell Limit or Buy limit will be executed at the first quote after the price reaches the level specified by the client when setting the parameters of the order.

4.12 An order of type Stop Loss will be executed at the first quote after the price reaches the level specified by the client when setting the parameters of the order.

4.13 An order of type Take Profit will be executed at the price, specified by the client when setting the parameters of the order after reaching the specified level by a price.

4.14 While processing trading operations for CFD and Forex, if a Client's Open/Close order was executed at a non-market quote or a Client opened/closed a position at a non-market quote, the Company reserves the right to:

close the position at a current quote and nullify its financial result if the position wasn't closed by the Client;

- nullify or correct the financial result of the position, if it was closed by the Client.

4.15 Multidirectional trading is prohibited on trading accounts located in the same Client's personal account and/or on affiliated accounts.

## **5 TRANSFER OF POSITIONS FOR THE NEXT DAY**

5.1 The process of transfer of open positions for the next day starts at 23:59:45 of the trade server and, without fail, is carried out on all positions, which remained open during the period from 23:59:45 to 23:59:59 server time. For positions on the following day the trading account of the Client may be credited or debited with swaps for items.

5.2 Swaps are calculated each trading day. From Wednesday to Thursday swaps are



charged in triple size for Saturday and Sunday due to the fact that the trade server is not working on those days.

5.3 Swap sizes and their method of debit/credit are specified in the relevant contract specifications, published on the website of the Company.

## 6 SPREADS AND COMMISSIONS

6.1 Under normal market conditions, the Company maintains the Spread for each financial instrument in the range specified in the contract specifications, but the Company does not guarantee that under market conditions, different from normal.

6.2 The Company has the right to increase, decrease or fix spreads at its own discretion, as well as to introduce additional charges without prior notification or consent from the Client.

6.3 The client is obliged to pay commissions and other costs in the amounts specified in the contract specifications.

6.4 The Company has the right to change the Spread on any financial instrument at its sole discretion, including in the following cases:

6.4.1 for all Clients without prior notice under market conditions different from normal;

6.4.2 for all Clients without prior notice upon the occurrence of major force and/or emergency circumstances;

6.4.3 individually for the Clients who recently sent a number of trading requests exceeding reasonable limits;

## 7 LEVERAGE AND MARGIN

7.1 The Company provides its Clients leverage from 1:1 to 1:2000, depending on the type of account and/or the underlying asset of the financial instrument.

Providing of leverage: Leverage	Maximum balance, \$
1:2000	2 000
1:500	5 000
1:200	10 000
1:100	50 000
1:50	100 000

7.2 The Company may also provide the Client with a margin loan, under conditions and terms stipulated in the relevant specifications published on the Company's Website or in other documents.

7.3 The company has the right to change the leverage for the trading account:

7.3.1 for all Clients with obligatory prior notification 7 (seven) calendar days before;

7.3.2 for all Clients without prior notice under market conditions, different from normal;

7.3.3 for all Clients without prior notice upon the occurrence of major force and/or emergency circumstances;

7.3.4 individually for any Client, in order to bring the leverage in line with the margin requirements specified in the contract specifications;

7.4 The Company has the right to change leverage for the Client on all trading accounts, overall balance of which will correspond to a maximum balance given in a table of paragraph

7.5 The Client agrees to make and maintain on his/her trading account the initial margin and/or hedged margin in the amount prescribed by the Company under the actual Agreement, the relevant Regulations and margin requirements specified in the contract specifications.

7.6 The Client undertakes to monitor the margin level on his/her trading account.

7.7 The Company has the right to close any opened positions of the Client without his/her prior consent or notification if the level of free capital is below 20% of the margin needed.

7.8 The Company has the right to apply the above rules with respect to both open positions, as well as newly opened positions.

7.9. The Company has the right to grant bonuses by crediting them to the Client's trading account according to the conditions on the Company's website.

7.10. Personal bonuses can be granted by the Company to each Client individually.

The Company has the right to revoke granted personal bonuses at any time, without prior notification of the Client and without disclosing the reasons.

## **8 QUOTE STREAM**

8.1 The Company provides the Client with quotes via the client's terminal.

8.2 The Server of the Trading Platform of the Company is the only reliable source of quotations, which is to be considered by the Parties under any relationship arising from the Client's Agreement, the Regulations and other documents of the Company

8.3 The Quotes of financial instruments, received by the Client through the "order" window of the client's terminal when trading according to the «Instant Execution» technology, are firm,

which means the obligation of the Company is to provide an opportunity to make a deal at the current price under the conditions regulated by the Client's Agreement, the actual Regulation and other documents of the Company.

8.4 The Quotes of financial instruments, received by the Client via the client's terminal when trading according to the «Market Execution» technology, are indicate and may not coincide with quotes that will be offered to him/her by the Company in response to the request.

8.5 The current rates of underlying assets are considered according to the rates calculated by the Company based on the quotations received by the Company. All matters relating to the determination of the level of market prices are in the sole competence of the Company.

8.6 The client unconditionally acknowledges that the quotations provided by the Company are the only correct for the Clients of the Company and no complaints about the discrepancy of the quotations of the Company with other sources are considered.

8.7 The company has the right to reconsider any given quotes for any time period. In case the company considers the quotes to be/to be a result of "non-market quotes" and/or "Abnormal Market Conditions" and/or "Obvious error" described in the Regulation and/or "Terms and Conditions" and reconsider financial results of the trading activities carried out according to such quotes.

8.8 In the event of an unplanned interruption in the flow of quotations of the trading server caused by any hardware or software failure, the Company has the right to synchronize the database of quotations on the trading server with other sources, in order to restore the continuity of the history of quotations. In this case, the Company may, but is not obligated to review the financial results of the trading transactions of the Client committed during this period.

## **9 OPENING A POSITION ACCORDING TO THE «INSTANT EXECUTION» SYSTEM**

9.1 When applying for a position opening, the Client, mandatory, must specify the type of transaction, the name of the financial instrument and the volume of the trading transaction.

9.2 The optional parameters are "Stop Loss", "Take profit", "Comment", "Maximum Deviation", "Expiration".

9.3 To open a position via the client's terminal without using an adviser the Client must click the button «Buy» or «Sell» at a time when streaming prices of the Company are satisfying.

9.4 To open a position via the client's terminal using an adviser a request is generated for the Execution of a trading transaction according to the current quote.

## **10 OPENING A POSITION ACCORDING TO THE «MARKET EXECUTION» SYSTEM**

10.1 When applying for a position opening, the Client, mandatory, must specify the type of transaction, the name of the financial instrument and the volume of the trading transaction.

10.2 The optional parameters are "Comment", "Expiration".

10.3 Presetting of the parameters "Stop Loss" and "Take profit" is impossible. These settings

may only be open for orders already open through modifying it.

10.4 To open a position via the client's terminal without using an adviser the Client must click the button «Buy by Market» or «Sell by Market» at a time when streaming prices of the Company are satisfying.

10.5 To open a position via the client's terminal using an adviser a request is generated for the Execution of a trading transaction according to the current quote.

## **11 PROCESSING OF REQUESTS ON OPENING A POSITION**

11.1 When a request from the Client on opening a position arrives at the server, a check of the status of the trading account is made on the availability of free margin to open the position:

11.1.1 virtually, a new position in the list of open positions is added;

11.1.2 the total client's position is recalculated and the new size of the margin is determined: for locked positions - based on the hedged margin, for non-locked positions - based on the initial margin calculated by the weighted average (by volume) price of non-locked positions;

11.1.3 the free margin is calculated, and the floating profit/loss on all open positions is valued according to the current quotes;

11.1.4 if the free margin is greater than or equal to zero, the position is opened. The opening of a position is accompanied by an entry in the log file of the server;

11.1.5 if the free margin is less than zero, the Company has the right not to open the position, which is accompanied by a corresponding entry in the log file of the server with the «no money» comment.

11.2 If at the time of processing of a Client's request by the Company the current quotation on the financial instrument has changed, then the Company shall be entitled to use the new price (Bid/Ask). In this case, the client's request is processed according to the new price.

11.3 A request on opening a position will be rejected by the Company if it is delivered for processing at a time when the trading server lost contact with the source of quotations. The client's terminal window will show «Off quotes»/«No price».

11.4 The Client's request on opening a position is treated as processed, while the position is considered open after a corresponding entry in the log file of the server. Each open position in the trading platform is assigned with a unique ticket.

11.5 In the case of maximum processing time of the request indicated in the actual Regulation, it takes time to make sure that the application has not been executed. In this case the Client's request will be rejected until the completion of the above mentioned operation. The client's terminal window will show «Trade Timeout».

11.6 The processing of a request on opening a position only occurs when a quote following the current appears in the trading platform, on the financial instrument mentioned in the application. In the absence of a new quote the request will be rejected with the message «Off quotes»/«No price» in the client's terminal.

## **12 CLOSING OF A POSITION ACCORDING TO THE «INSTANT EXECUTION» SYSTEM**

12.1 When applying for closing a position the Client, in a mandatory manner, must specify the ticket of the closing position and the volume of the trading transaction.

12.2 To close a position via the client's terminal without using an adviser the Client must click the button «Close...» at a time when streaming prices of the Company are satisfying.

12.3 To close a position via the client's terminal using an adviser a request is generated for the Execution of a trading transaction according to the current quote.

## **13 CLOSING OF A POSITION ACCORDING TO THE «MARKET EXECUTION» SYSTEM**

13.1 When applying for closing a position the Client, in a mandatory manner, must specify the ticket of the closing position and the volume of the trading transaction.

13.2 To close a position via the client's terminal without using an adviser the Client must click the button «Close...» at time when streaming prices of the Company are satisfying.

13.3 To close a position via the client's terminal using an adviser a request is generated for the Execution of a trading transaction according to the current quote.

## **14 PROCESSING OF REQUESTS ON CLOSING POSITIONS**

14.1 To close a position via the client's terminal using an adviser a request is generated for closing a position.

14.2 If at the time of processing of a Client's request by the Company the current quotation on the financial instrument has changed, then the Company shall be entitled to use the new price (Bid/Ask). In this case, the client's request is processed according to the new price.

14.3 The Client's request on closing a position is treated as processed, while the position is considered closed after a corresponding entry in the log file of the server.

14.4 A request on closing a position will be rejected if it is delivered for processing at a time when the order on closing a position (Stop Loss or Take Profit) are in queue for Execution. The client's terminal window will show «Off quotes»/«No price».

14.5 A request on closing a position will be rejected if it is delivered for processing at a time when the trading server lost contact with the source of quotations. The client's terminal window will show «Off quotes»/«No price».

## **15 TYPES OF PENDING ORDERS**

15.1 The trading platform can accommodate the following types of orders for opening a position (pending orders):

15.1.1 «Buy Stop» – involves opening a long position at a price higher than the current price

at the time of order placement;

15.1.2 «Sell Stop» – involves opening a short position at a price lower than the current price at the time of order placement;

15.1.3 «Buy Limit» – involves opening a long position at a price lower than the current price at the time of order placement;

15.1.4 «Sell Limit» – involves opening a short position at a price higher than the current price at the time of order placement.

15.2 To close a position the following orders can be used:

15.2.1 «Stop Loss» – involves closing a previously opened position at a price less favorable to the Client than the price at the time of order placement;

15.2.2 «Take Profit» — involves closing a previously opened position at a price more profitable for the Client than the current price at the time of order placement;

15.2.3 «If Done» – «Stop Loss» and/or «Take Profit» orders which are activated only after the Execution of a pending order with which they are associated.

## **16 TIME OF LOCATION AND WORKING PERIOD OF PENDING ORDERS**

16.1 Orders can be placed, modified or removed by the Client only at a time when trading is permitted under the current instrument. The trading hours for each instrument are specified in the contract specifications on the Company website.

16.2 The Client may limit the validity of an order for instruments, pending orders of which have the status of GTC («Good Till Cancelled»), by setting a specific date and time in the «Expiry» field. Otherwise, the order is taken for an indefinite period, limited by the duration of the Client Agreement, in the case of the CFD instrument until the expiration of the contract. The order status for each instrument is listed in the contract specifications.

16.3 Orders to closing a position «Stop Loss» and/or «Take Profit» for all financial instruments have the status of GTC («Good Till Cancelled») and are accepted for an indefinite period, limited by the duration of the Client Agreement or the expiration of the contract.

## **17 PROCESSING OF REQUESTS ON PLACEMENT OR MODIFICATION OF PENDING ORDERS**

17.1 To place a pending order via the client's terminal without using an adviser, the Client must select the "Pending Order" type of operation and click "Set Order".

17.2 After that, the trading terminal verifies the correctness of the parameters of the pending order, taking into consideration the Stop/Limit levels for the symbol in question mentioned in the contract specifications. In this case, no margin check is needed to open the order.

17.3 If the parameters of the pending order are correct, then an application to its setting is sent to the server, which is instantly executed. Otherwise, the client receives a message from the

trading terminal "Invalid S/L or T/P".

17.4 To modify the parameters of a pending order or to remove it the Client must select the "Change Order" type of operation. Modifications are subject to all options of a pending order with the exception of its volume.

17.5A pending order and/or its parameters are considered incorrectly placed or modified in the following cases:

17.5.1 if it occurred before the arrival of the first quotation on the instrument in question at the opening of the market;

17.5.2 in the case of an incorrect, due to the arrival of nonmarket quotations, positioning of the level of a pending order with respect to the last quote, which preceded the non-market quotation and was not recognized as invalid;

17.5.3 if the order was placed or modified as a result of a certain error of an employee of the Company;

17.5.4 if the order was placed or modified due to a failure in the software of the trading platform.

17.6 If an order or position opened as a result of the Execution of the pending order were found incorrect, the Company has the right to remove the pending order or a position or to revise the financial results of that position.

17.7 If a pending order is queued for Execution, but by mistake the modification of the level of the pending order has been confirmed, the Company has the right to execute the order at a level that was specified in the order before the last modification.

17.8 If a pending order is queued for Execution and an application for the removal of the order had been performed, the Company has the right to remove the pending order.

## **18 EXECUTION OF PENDING ORDERS**

18.1 An order is placed in queue for Execution in the following cases:

18.1.1 the «Take Profit» order for open long positions is placed in queue for Execution if the Bid price in the quote stream of the server is equal to or above the level of the order;

18.1.2 the «Stop Loss» order for open long positions is placed in queue for Execution if the Bid price in the quote stream of the server is equal to or below the level of the order;

18.1.3 the «Take Profit» order for open short positions is placed in queue for Execution if the Ask price in the quote stream of the server is equal to or below the level of the order;

18.1.4 the «Stop Loss» order for open short positions is placed in queue for Execution if the Ask price in the quote stream of the server is equal to or above the level of the order;

18.1.5 the «Buy Limit» order is placed in queue for Execution if the Ask price in the quote stream of the server is equal to or below the level of the order;

18.1.6 the «Sell Limit» order is placed in queue for Execution if the Bid price in the quote stream

of the server is equal to or above the level of the order;

18.1.7 the «Buy Stop» order is placed in queue for Execution if the Ask price in the quote stream of the server is equal to or above the level of the order;

18.1.8 the «Sell Stop» order is placed in queue for Execution if the Bid price in the quote stream of the server is equal to or below the level of the order.

18.2 When a pending order is admitted to Execution a check is automatically performed on the server on the status of the trading account for the availability of free margin to open the position:

18.2.1 a new position opened according to the pending order is virtually added to the list of open positions;

18.2.2 the new size of the margin, the «new margin», is determined for the total of the client's positions, including the new virtually added position at current market prices at the time of verification.

18.2.3 the floating profit/losses on all open positions are calculated at current market prices, including the new virtually added position;

18.2.4 the new size of the free margin, the «free margin», is calculated

18.2.5 if

18.2.5.1 the «free margin» is greater than or equal to zero and the total client's position including the virtually added position does not exceed the set limit for this type of account, the order is executed and the position is opened. The order Execution is accompanied by an entry in the log file of the server, and the position opened as a result of the Execution of the pending order, retains the ticket of the pending order;

18.2.5.2 the «free margin» is greater than or equal to zero and the total client's position including the virtually added position exceeds the set limit for this type of account, the order is cancelled. The order cancellation is accompanied by an entry in the log file of the server;

18.2.5.3 the «free margin» is less than zero, the Company has the right not to open the position and to remove the pending order.

18.3 The order is considered executed once a relevant entry in the server log file appears.

18.4 If the order level reaches the order price gap the Company has the right to execute the order according to the Bid or Ask side of the first quote after the gap.

## **19 FORCED CLOSING OF POSITIONS**

19.1 The Company has the right to forcefully close the opened positions of the Client, without



his/her consent and notice, if the level of available funds on the Client's trading account is less than or equal to 20%.

19.2 The margin level is controlled by the server, which, in case of its insufficiency, generates a request to forcefully close the position (stop out) without prior notice. The stop out is executed according to the current market quotation on a first-come first-served basis with the Clients' requests. Forced closing of a position is accompanied by an entry in the server log file with the «stop out» comment.

19.3 If the Client has several open positions the position with the greatest floating losses is firstly placed in the queue to close.

19.4 If forced closing of all of the Clients' positions resulted in negative trading account balance, The Company reserves the right to restore a negative balance on one of the Client's accounts at the expense of the funds available on the Client's other trading account. The company reserves the right to restore a negative balance on one of the Client's account at the expense of the funds available on the Client's other trading accounts, including accounts in the others Client's Private Offices, provided that affiliation of such Private offices is confirmed by the Client or is obvious.

19.5 If forced closing of all of the Clients' positions resulted in negative trading account balance and there are credit funds available on the account, the Company has the right to bring the negative balance to zero with the credit funds.

19.6 When approaching the expiration of the underlying asset, order taking on financial instruments that have futures as the underlying asset on trading transactions is set in the «close only» mode (only closing of positions). The Company will inform the Client of the date of setting of the «close only» mode via placing the information on the website of the Company and/or via the inner mail of the trading platform.

19.7 The Company has the right to forcefully close the positions of the Client on the financial instruments with futures as the underlying asset, open to the expiration date of the base futures contract. Such positions are forcefully closed according the last quote of the last trading day for this financial instrument.

19.8 The Company has the right to forcefully close any open position of the Client without prior notice to the latter in cases of occurrence of major force circumstances and/or emergency, trading server hardware failure, sharp changes in market conditions, and other situations in which normal operation of the Company is impossible as well as during the process of settlement of a dispute between the Client and the Company.

19.9 The present Agreement forbids use of strategies oriented on the profit extraction by means of intentionally creating the situations, when one of the Clients' or a group of Clients' account turns to negative balance, including the situation when the accounts are opened under the names of different persons, invariably being the part of one trading strategy. In case of revealing implementation of such trading strategies, the Company reserves the right to nullify the financial result of the deals.

19.10. In case the Client sustains losses as a result of trading operations in the amount

exceeding the balance of his own funds, or sustain losses on bonus funds on the account, the Company has the right to compensate the loss on bonus funds at the expense of funds in another Client's account, including accounts in the others Client's Private Offices, provided that affiliation of such Private offices is confirmed by the Client or it is obvious.

19.11. In case the personal bonuses withdrawal resulted in a negative balance on the Client's trading account, the Company has the right to compensate the loss on such Client's account at the expense of funds in another Client's account, including accounts in the others Client's Private Offices, provided that affiliation of such Private offices is confirmed by the Client or it is obvious.

## **20 ORDER OF DISPUTE SETTLEMENT**

20.1 If a situation arises where the Client believes that the Company resulting from any of its action or inaction violates one or more paragraphs of the actual Regulation, the Client has the right to file complaint to the Company. Claims must be submitted within two working days from the date of the occurrence of grounds for such claims.

20.2 The Client may submit a claim via any means of communication specified in the Client Agreement, which allows to certainly identify the Client. The preferred means of filing is the appropriate section of the CP.

20.3 The claim must contain:

20.3.1 the Client's name and surname (or the company's name if the Client is a legal person);

20.3.2 the Client's login on the trading platform;

20.3.3 the date and time of occurrence of the problem situation (trading platform time);

20.3.4 tickets for all contested positions and/or pending orders;

20.3.5 the description of the essence of the conflict situation with reference to the paragraph/paragraphs of the actual Regulation, which in the opinion of the Client, have been violated.

20.4 The claim must not contain:

20.4.1 emotional assessment of the conflict situation;

20.4.2 offensive language;

20.4.3 obscenities.

20.5 The Company has the right to reject the claim in the event of non-compliance by the Client of the above conditions.

20.6 The Company has the right to close the position, which is the essence of the conflict situation according to the current quote, or to the quote of the opening and/or closing of the order.

20.7 When considering the conflict situation the main source of information is the server log file. The information from the server log file has an absolute priority in relation to any other

arguments when considering the conflict situation, including the information from the log file of the client's terminal.

20.8 The absence of a relevant recording in the server log file confirming the information on the Client's intention is a ground for invalidation of the argument, built on the existence of such intention.

20.9 The Company does not provide the Clients with direct access to the trading server to view the log file. However, at the request of the Client, the Company must provide a copy of that part of the log file, which is connected to the conflict situation under consideration.

20.10 The settlement of the conflict situation can be carried out by the Company in the following ways:

20.10.1 as a compensatory adjustment, transferred to the trading account of the Client or debited from the Client's trading account, with the «Indemnification» comment;

20.10.2 by restoring mistakenly closed positions;

20.10.3 by removing mistakenly open positions or placed orders.

20.11 In case of occurrence of a disputable situation not described in the actual Regulation, the final decision is taken by the Company according to the generally accepted market practices and the concept of the Company on just settlement of the conflict situation.

20.12 If the Client had the intention to commit any act, but did not do it for any reason, the Company shall not compensate the Client the profit that was not received or the losses incurred as a result of this.

20.13 The Company considers disputable situations and makes decisions as quickly as possible. The maximum possible time for consideration of claims is 5 (five) working days from the date of receipt. In some cases, the Company has the right to increase the maximum time for consideration of the claim up to 20 working days.

20.14 Claims on requests made during maintenance works on the server are not accepted, if the Client was informed of such works via the internal mail of the trading platform or any other means. The fact of failure of notification is not grounds for a claim.

20.15 No claims are accepted on trading operations and Execution of orders based on the divergence of the quotes of a financial instrument of the trading platform with the quotes of the asset underlying the financial instrument.

20.16 No claims are accepted on Execution time, if the conditions described in the actual regulation were respected, regardless of the amount of time it took to execute the order, and regardless of the time when the entry on the order Execution appeared in the server log file.

20.17 No claims are accepted on the cancellation of the financial results of the trading transactions performed by the Client with additional margin formed on the trading account as a result of a profitable trade (later cancelled) based on a non-market quotation or on quotes received as a result of a certain error by an employee of the Company.

20.18 When considering a disputable situation any of the references of the Client on quotes of

other companies or information systems are incompetent and are not be taken into account.

"This document is translated from the original written in Russian."

Please note that this document is translated from the original written in Russian. In case of any discrepancies between the Russian and English versions of this document, the Russian language version takes precedence.