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when money makes money

FXOpen Markets Limited

P.O. Box 590, Springates East, Government Road,
Charlestown, Nevis

www.fxopen.com

TERMS OF BUSINESS

FOR ECN ACCOUNTS

TOB ECN 2021-02-11



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1. INTRODUCTION

- 1.1. The Terms of Business govern all actions with regard to the processing and execution of Customer's Requests and Instructions performed on the ECN trading accounts, including Net ECN accounts available on TickTrader and MT5.
- 1.2. The Terms of Business and the Customer Agreement should be read thoroughly by the Customer.
- 1.3. The definitions used in this Terms of Business shall be interpreted as it specified in the Company's Definitions.
- 1.4. The Terms of Business identify:
 - a). All actions related to Orders under Normal and Abnormal Market Conditions;
 - b). Dispute resolutions.

2. COMMON TERMS

Customer's accounts

- 2.1. Each Customer can hold only one Main account with the Company. The number of Trading accounts is not limited.

Net account (available for TickTrader ECN and MT5 ECN)

- 2.2. Net account is the type of trading account where all long and short positions under the particular financial instrument shall be aggregated to the one net position.
- 2.3. Executing the same direction order for the same financial instrument shall increase the total volume of the position under this financial instrument.
- 2.4. Executing the opposite direction order for the same financial instrument with order volume less than existing position shall decrease the total volume of the position under this financial instrument.
- 2.5. Executing the opposite direction order for the same financial instrument with order volume more than existing position shall reverse the position under this financial instrument.
- 2.6. Executing the opposite direction order for the same financial instrument with the same volume as for the existing position shall cancel the position under this financial instrument.
- 2.7. Stop Loss / Take Profit orders and Trailing Stop are not available for Net accounts.

Gross account

- 2.8. Gross account is the type of trading account where all positions, including the opposite ones, under the particular financial instrument are separate operations and have separate records.
- 2.9. Profit and Loss are calculated separately for each position under the same financial instrument.

Execution of the Customer's Requests and Instructions

- 2.10. The Company executes trading orders of the Customers at the ECN trading system by a technology that automatically matches buy and sell orders of incoming prices generated by all counterparties including Customers and Liquidity Providers, i.e. all Customers participate in ECN trading system as price-takers as well as price-givers.
- 2.11. The amount of time needed to execute a Request depends on the quality of the connection.
- 2.12. The Company may decline/delete all types of Request and/or Instruction, including among other under



the circumstances listed below:

- a. The Customer has insufficient Free Margin;
- b. The Request proceeds the Market Opening time.
- c. The slippage control has been applied.

In this case the "Off quotes" or "Cancelled by dealer" or "Not enough money" message will appear.

- 2.13. Trading operations are conducted in pursuance of "Market Execution". Execution occurs immediately at the available volume and market execution prices can differ from the currently displayed quote.

Transactions

- 2.14. The Ask price is used for a "buy" Transaction. The Bid price is used for a "sell" Transaction.

Rollovers (SWAP)

- 2.15. All positions (Depending on Account Type) which are remaining open at 23:59:30 Trading Platform Time (Server Time) are subject to rollover.
- 2.16. The SWAP is calculated and added to or deducted from the Customer's account during the time period between 23:59:00 and 00:05:00. The exact time will be selected by the Company on its sole discretion.

Spreads

- 2.17. Difference between the best ASK and the BID - (Difference between Ask and Bid -DAB) is variable and not fixed.
- 2.18. Exceptions:
- i. Under Abnormal Market Conditions exceptions may occur;
 - ii. The Company may change trading conditions if all Customers are given two calendar days prior Written Notice.

Leverage

- 2.19. The size of the Leverage depends on the Account deposit.
- 2.20. The size of the Leverage in respect of CFD is fixed and specified on the Company's website.
- 2.21. The Company has the right to change the Leverage for a Trading Account without giving prior notice in accordance with margin requirements for another Account Type.
- 2.22. The Company at its sole discretion may decrease the Leverage of a particular Customer at any time.

Price Quotation

- 2.23. In order to open or close a position without using an Expert Advisor, the Customer should press the "Buy", "Sell" or "Close" button while the prices in the Quotes Flow are satisfactory. In case the Customer is using an Advisor, the Instruction must be generated at the current Quote.
- 2.24. All orders that are currently in the market are displayed in Quote Flow window of the Market depth monitoring application. Market depth level 2 includes the following additional information:
- Highest Bid prices: the highest prices that traders are willing to accept to sell;
 - Bid Volumes: the amount in Millions that are available at each of the highest Bid prices.
 - Lowest Ask prices: the lowest prices that traders are willing to accept to buy.
 - Ask Volumes: the amount in Millions that are available at each of the lowest Ask prices.



The number of market depth “levels” displaying the lowest Ask and the highest Bid prices is specified at the Company’s website.

Corporate Actions

2.25. While trading CFD Customer’s transactions may be affected by various Corporate Actions. The Company at any time in its sole discretion may take any action it deems fit to reflect the Corporate Action influence on the Customer’s orders, positions, transactions, accounts balances as it relates to the Customer’s CFD traded with the Company.

Without limitation to the foregoing upon the occurrence of a Corporate Action the Company at any time may take the following actions to reflect the Corporate Action on Customer’s account:

- credit or debit Customer’s trading accounts or Main account,
- adjust, close or cancel any of Customer’s Orders or transaction affected by the Corporate Action,
- provide Customer’s account with any new trade deemed necessary by the Company,
- reject any Order or Instruction the Customer may place.

Inactive Accounts

2.26. If there are no trading activity and/or balance transactions on the Trading Account (no deposits to/withdrawals from the Trading Account) for any period of 90 (ninety) days, and there is no current open positions on this Trading Account, then after those 90 days the Account will be deemed 'Inactive' ("Dormant").

Dormant accounts are charged with the Inactive Account Fee in the per month amount as additionally specified at the Company’s website (<https://www.fxopen.com/en/trading-accounts/ecn/>). The Inactive Account Fee shall be automatically deducted from the balance of the Dormant Account. Should the balance be zero or negative the Company will place the Dormant account to the archive.

Dormant Account can be re-activated on Customer’s request. Re-activation shall be subject to the Re-activation Fee in the amount as additionally specified at the Company’s website (<https://www.fxopen.com/en/trading-accounts/ecn/>).

3. OPENING A POSITION

3.1. To open a position, the Customer should identify the following:

- a). Financial instrument;
- b). Transaction Volume.

3.2. If Free Margin is greater than the Initial (Necessary) Margin to open a New Position the position will be opened.

- a). Free Margin is calculated as follows: **Free Margin = Balance + Floating – Initial Margin.**
- b). Initial (Necessary) Margin for New Position is calculated: for the Hedged Positions depending on the Hedged Margin, for other positions depending on the Initial Margin.
- c). Floating is calculated: for all Open Positions and the New Position are calculated at the Current Quotes.

3.3. For Net accounts calculation of margin depends on the existing current position (if any), their direction and volume. The formulas for margin calculation are specified in the Knowledge Base on the website.



- 3.4. For Gross accounts if there are two opposite position opened for the same financial instrument, the margin for the intersecting volume shall be recalculated so that the half of the margin shall be taken for each of the opposite positions.
- 3.5. Initial margin for Pending orders shall be calculated at the moment when Pending Order is established by the Customer according to the current market conditions.
- 3.6. Each Open Position has its own Order Number in the Trading Platform.
- 3.7. Open positions are conducted in pursuance of "Market Execution" clause 2.5.

4. CLOSING A POSITION

- 4.1. To close a position, the Customer should identify the following:
 - a). Financial Instrument;
 - b). Transaction Volume.
- 4.2. A Request to close a position will be declined if it is made when the Stop Loss or the Take Profit for this position is in the queue in order to be executed. In this case the "Off quotes" message appears in the Client Terminal window.
- 4.3. Close positions are conducted in pursuance of "Market Execution" clause 2.5.

5. ORDERS

- 5.1. To open a position the following Pending Orders may be used:
 - a). "Buy stop" – to open a Long Position at the price higher than the current price;
 - b). "Sell stop" – to open a Short Position at the price lower than the current price;
 - c). "Buy Limit" – to open a Long Position at the price lower than the current price;
 - d). "Sell Limit" – to open a Short Position at the price higher than the current price.
- 5.2. Limit order types depending on the trading platform may have different Time in Force value. The possible values are the following:
 - a). Good Till Cancel (GTC) – a GTC order will remain in effect until it is filled or cancelled. It is a default parameter in the MT4, MT5 and TickTrader;
 - b). Immediate or Cancel (IOC) – an IOC order must be filled immediately at the price specified or better. If the order cannot be filled immediately or fully (i.e. only partially filled), the unfilled part is cancelled. IOC is available in TickTrader only;
 - c). Good Till Date (GTD) – a GTD order allows to select an expiration date and time until which an order will remain in effect. GTD is available in TickTrader only.
- 5.3. In order to close a position the following Orders may be used:
 - a). "Stop Loss" – set to close an opened position at the price less profitable than the current price;
 - b). "Take Profit" – to close an opened position at the price profitable than the current price.
- 5.4. The difference between the Stop Loss, Take Profit or the Pending Order level and the current market price has no limitations and could be zero.
- 5.5. The Customer may place, modify or delete Orders only within Trading session.
- 5.6. The Company has the right to decline a Request to modify or delete an Order if it is being processed - the Order has been placed in the queue in order to be executed.



- 5.7. The Order is placed in the queue in order to be executed in the following cases:
- a). The Take Profit on open Long Position is placed in the queue in order to be executed if the Bid price in the Quotes Flow becomes equal or higher than the Order Level;
 - b). The Stop Loss on open Long Position is placed in the queue in order to be executed if the Bid price in the Quotes Flow becomes equal or lower than the Order Level;
 - c). The Take Profit on open Short Position is placed in the queue in order to be executed if the Ask price in the Quotes Flow becomes equal or lower than the Order Level;
 - d). The Stop Loss on open Short Position is placed in the queue in order to be executed if the Ask price in the Quotes Flow becomes equal or higher than the Order Level;
 - e). The Buy Limit is placed in the queue in order to be executed if the Ask price in the Quotes Flow becomes equal or lower than the Order Level;
 - f). The Sell Limit is placed in the queue in order to be executed if the Bid price in the Quotes Flow becomes equal or higher than the Order Level;
 - g). The Buy Stop is placed in the queue in order to be executed if the Ask price in the Quotes Flow becomes equal or higher than the Order Level;
 - h). The Sell Stop is placed in the queue in order to be executed if the Bid price in the Quotes Flow becomes equal or lower than the Order Level.
- 5.8. Once the Pending Order is established by the Customer, the Server automatically checks if the Free Margin is sufficient to open the position according to clause 3.2. If the above mentioned calculations for the new position have been done and:
- a). "Free Margin"(after the order has been executed) is more or equals to zero, the position is opened;
 - b). "Free Margin" (after the order has been executed) is less than zero the Company has the right to make a credit to trading account (Credit In) and just after Pending Order will be executed to withdrawal all amount of credit (Credit Out).
 - c). The process of opening the position is followed by the relevant record in the Server Log File and the position opened by this Order has the same Ticker as the Pending Order;
- 5.9. Buy Limit, Sell Limit and Take Profit are executed at the order level or better. A Buy limit order can only be executed at the limit price or lower, and a Sell limit order can only be executed at the limit price or higher, and a Take Profit order can only be executed at the order price or better (for long position at the order price or higher, and for short position at the order price or lower). During periods of high volatility or low liquidity Limit Orders and Take Profit Orders could be partially executed – meaning that positions would open all size available as it becomes available resulting in multiple positions versus one whole position.
- 5.10. Buy Stop, Sell Stop and Stop Loss are executed at the level at the current market price similar with Market Order execution according to clause 2.5. The price when Sell Stop or Buy Stop Order or stop Loss Order is executed may not always be the price was set up.
- 5.11. During the Post-Pre-Market execution of Take Profit orders for both long and short position may take place. Being processed under Post-Pre-Market conditions Take profit order can be executed at the order price or better (for long position at the order price or higher, and for short position at the order price or lower).



- 5.12. In case the execution of Take Profit order has occurred during the Post-Pre-Market respective swaps that have already been added to or deducted from the Customer's account are not subject to recalculation.
- 5.13. During the period of Post-Pre-Market Buy Limit and Sell Limit Pending orders laid out previously may be placed in the queue in order to be executed on the conditions as previously stipulated in the clause 5.6. above.
- 5.14. Without derogating from generality of execution procedure as expressly stipulated in the clauses 5.10. and 5.12. above Stop Loss orders and Buy Stop and Sell Stop pending orders shall not be subject to execution during the Post-Pre-Market.
- 5.15. The list of Order types mentioned above is not exhaustive. Other types of Orders could be available and the Company reserves the right to add new types of Orders or delete old ones, subject to posting the relevant information on the Company's website, in trading platforms and/or in the Knowledge Base.

6. STOP OUT

- 6.1. The Company is entitled to close the Customer's Open Positions without the consent of the Customer or any prior notice if the Equity is less than the particular level in percent of the (Initial) Necessary Margin as additionally specified at the Company's website (<https://www.fxopen.com/en/trading-accounts>).
- 6.2. If the Customer has several Open Positions, Company has right to close all open positions or the first position with the highest Floating Loss or closing open positions by FIFO (First In, First Out) method.
- 6.3. If a Stop Out execution has resulted in a negative Balance of the Customer's Trading Account, the Customer remains fully liable for this loss. The Company shall be entitled to recover the incurred loss as well as all associated charges, costs or expenses, including attorneys' fees, through legal proceeding or otherwise as Company in its sole and absolute discretion may determine. The Customer also hereby authorizes Company to withdraw the amount of such loss from the Customer's Main account, account(s) if Company deems it appropriate.
- 6.4. Stop Out is executed similar like stop Loss Order clause 5.10.

7. COMMUNICATIONS

- 7.1. In order to communicate with the Customer, the Company may use:
 - a). Trading Platform internal mail;
 - b). E-mail;
 - c). Fax;
 - d). Telephone;
 - e). Post;
 - f). Company Webpage News Section;
 - g). Company Official forum located at forum.fxopen.com.
- 7.2. All the Company's notifications to the Customer referring to Dispute resolutions shall be made on the Customer's e-mail indicated by the Customer during the account opening process or via Trading Platform internal mail. The Customer is considered to be duly informed immediately upon sending the notification by the Company. The Company's Trading Platform Server log files are sufficient and indisputable evidence of notification send.



- 7.3. The following Instructions are not accepted by fax, e-mail, etc. only through Trading Platform or phone calls:
- To open/close a position;
 - To delete or modify an Order.
- 7.4. Any telephone conversation between the Customer and the Company may be recorded.

8. DISPUTE RESOLUTION

- 8.1. If any conflict situation arises when the Customer reasonably believes that the Company, as a result of any action or failure to act, breaches one or more terms of these Terms of Business, the Customer has the right to file a complaint with the Company within 1 (one) Business Day after the grievance has arisen.
- 8.2. Any complaints or disputes relating to operation of the Trading Account (issues concerning trading, deposit and/or withdrawal of funds and similar – collectively “Complaints”) must be made via electronic mail to the following address: compliance@fxopen.com
- 8.3. A complaint shall include:
- Full name of the Customer;
 - Customer's login;
 - Order(s) number(s);
 - Details of the conflict;
 - Description of the conflict situation supported by screenshots.
- 8.4. The process of dispute resolutions must be also governed by the **Procedure for receipt and handling of client complaints** set forth in the Company's **Complaints Policy**.
- 8.5. If the Server Log-File has not recorded the relevant information to which the Customer refers, the argument based on this reference may not be considered.

Indemnification

- 8.6. The Company may resolve all Disputes:
- By crediting/debiting the Customer's Trading Account;
 - By re-opening erroneously closed positions;
 - By deleting erroneously opened positions or placed orders.
- 8.7. The Company has the right to choose the method of Dispute resolution at its sole discretion.
- 8.8. The Company shall not be liable to the Customer if for any reason the Customer has received less profit than had hoped for or has incurred a loss.
- 8.9. Both the Company and the Customer have the right to initiate the process of Dispute resolution.
- 8.10. No complaints are accepted if the Customer is not able to place or modify any Order:
- Because the Internet connection is poor either on the side of the Customer or the Company or both;
 - As a result of the failure of the Trading Platform software/hardware and the Server Log-File has no record to prove that Customer sent instruction;
 - For other reasons specified in Company's Complaints Policy.
- 8.11. During the Dispute process, the Customer acknowledges that no changes may be made on the order(s) that are being investigated. Once the Dispute has been resolved the Company has the right to



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trigger a Stop Loss or a Take Profit in the chronological order in which it would have been triggered.

- 8.12. Unless expressly set forth otherwise by an applicable law and/or regulation, the Company's decision with respect to a Complaint shall be final and binding and shall not be subject to any appeal.

