

HF Markets Ltd
TERMS OF BUSINESS

Terms of Business

The HF Markets Ltd 'Terms of Business' govern all the actions that relate to the execution of your trades.

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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.
- 1.2. The Terms of Business and the Forex Customer Agreement should be read thoroughly by the Customer.
- 1.3. The Terms of Business identify:
 - a. All actions related to Orders under Normal and Abnormal Market Conditions.
 - b. Dispute resolutions.

2. Common Terms

- 2.1. Execution of the Customer's Requests:
 - 2.1.1. The Company at its sole discretion will identify the current market price.
 - 2.1.2. The amount of time needed to execute a Request depends on the quality of the connection. Under Normal Market Conditions, the Requests are usually completed within one and four seconds. Abnormal Market Conditions can cause delays in the process of execution of a Request.
 - 2.1.3. The Company may decline a Request ("Off quotes" message), under the circumstances listed below:
 - a. Abnormal Market Conditions;
 - b. The Customer has insufficient Free Margin;
 - c. The Request precedes the Market Opening time;
 - d. The Customer has reached the volume limitation level.
- 2.2. Transactions:
 - 2.2.1. The Ask price is used for a "buy" Transaction. The Bid price is used for a "sell" Transaction.
- 2.3. Rollovers:
 - 2.3.1. All positions (Depending on Account Type) are subject to rollovers depending on the length of time held. For the up to date Rollover Rates the Client must refer to the website.
- 2.4. A SWAP/Rollover free account may be opened for a Client whose religious beliefs do not allow the use of interest rate differentials for the transfer of positions on the following day.
 - a. 2.6.1 The company has the right to refuse service to swap-free without explanation.
 - b. 2.6.2 In the instance the Swap-free account is applied for, the Company may at its

sole discretion ask for additional documents as part of its compliance procedure.

2.5. Spreads:

- 2.5.1. The Company maintains floating and fixed spreads depending on the account type opened and the size of funds deposited.
- 2.5.2. Only one fixed spread account may be held by each client. A Client holding a fixed spread account may not hold a floating spread account unless the Company is made aware of and accepts the opening of both accounts.
- 2.5.3. For floating spread accounts, the spreads may widen:
 - a. Under Abnormal Market Conditions;
 - b. During economic and news releases or
 - c. During periods of low liquidity.
- 2.5.4. For fixed spread accounts, the spreads may widen:
 - a. During the hours of 2200 to 0600 server time (GMT +1)
 - b. During periods of low liquidity
 - c. During periods of high volatility
- 2.5.5. Floating spread accounts operate under the 'market execution' regime
- 2.5.6. Fixed spread accounts operate under the 'market execution' regime.
- 2.5.7. In the Case of 'market execution' the Clients orders will be made at the current price at the moment of order execution.
- 2.5.8. In the processing of Instant Execution of a Client's order, the price quoted in the order is compared with the current price. In case the current price differs from the price quoted in the order, a new price will be proposed with comment "Requote". In case Client does not accept the new price it will be considered that the transaction is cancelled.

2.6. Leverage:

- 2.6.1. In the case that the client account equity is equal or exceeds 300,000 USD (or currency equivalent) and there are open trades of Metals (Gold and/or Silver) of 50 lots or more, the Company reserves the right to adjust the leverage of the underlying trading account to 1:75. If this is the case the Company will inform the Client by email.
- 2.6.2. The size of the Leverage depends on the Account Type.

2.6.3. The Company has the right to change the Leverage for a Trading Account without giving prior notice.

2.6.4. The Company at its sole discretion may decrease the Leverage of a particular Customer at any time.

2.7. Price Quotation:

2.7.1. In order to open or close a position without using an Advisor, the Customer should press the "Buy", "Sell" or "Close..." button while the prices in the Quotes Flow are satisfactory. In case the Client is using an Advisor, the Instruction must be generated at the current Quote.

3. Opening a Position

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

- a. Currency pair name.
- b. Transaction Size.

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

"Free Margin" is calculated as follows: $\text{Free Margin} = \text{Balance} + \text{Floating}$

"Floating" is calculated: for all Open Positions based on the profit and loss of these positions.

3.3. The Company has the right to re-quote if the current Quote changes.

3.4. Each Open Position has its own Order Number in the Trading Platform.

3.5. In the case of Hedged positions (opposing trades in the same instrument) are opened, margin is applied for the first leg of the hedged position.

3.6. The Company has the right to temporarily restrict the opening of any positions ("Close-ONLY" Mode) at its sole discretion. Circumstances for such action include but are not limited to, the following:

- a. Under abnormal Market Conditions
- b. During Economic and news releases
- c. During periods of low liquidity
- d. D. During periods of high volatility, or
- e. E. During an ongoing Client Audit Investigation.

4. Closing a Position

- 4.1. To close a position, the Customer should identify the following:
 - a. Currency pair name.
 - b. Transaction Size.
- 4.2. The Company has the right to re-quote if the current Quote changes.
- 4.3. 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.

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.
 - b. A Client's order to open position is considered to be executed and an position is considered to be opened after an appropriate record has been made in the server's log-file

Note: For Shares and Commodities CFD trading all Pending orders are closed during break times. Pending Orders are deleted on the close.

To view the corresponding instruments where pending orders are automatically closed during break times can be found at the following pages:

http://www.hotforex.com/en/trading-conditions/trading_shares.html

http://www.hotforex.com/en/trading-conditions/trading_commodities.html

- 5.2. 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.
 - c. A Client's order to close position is considered to be executed, and an position is considered to be closed after an appropriate record has been made in the server's log-file.

- 5.3. The difference between the Stop Loss, Take Profit or the Pending Order level and the current market price must not be less than the “number of Points” indicated for each Instrument in the Contract Specifications.
- 5.4. The Customer may place, modify or delete Orders only within Trading Hours.
- 5.5. Each Pending Order has a Currency pair name.
- 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. Buy Stop, Sell Stop and Stop Loss orders can be executed at the price different than that specified in the order in case these orders have been accepted for execution in Gap regime.
 - 5.8.1. Gap regime is activated in case consecutive quote differs from previous one on a value, which exceeds “Gap Level”. “Gap Level” for each instrument is specified in Contract Specification.

- 5.8.2. Gap regime will continue till a following quote will differ from a previous one on less than "Gap Level". In that case, Gap regime stops, and order is executed at current price.
- 5.9. Due to low liquidity and/or or high volatility and widened spreads, placing of pending orders around some Economic Announcements may be restricted.
- 5.10. The Company reserves the right, at its sole discretion, to delete any Pending Orders older than three (3) months from the Clients' trading account(s). Pending Order is a "Buy Limit", "Buy Stop", "Sell Limit" or "Sell Stop" order, as per the Company's Order Execution Policy.

Note: All Pending Orders on Shares CFDs and Commodities CFDs will be automatically closed during market breaks. In case any orders on the aforementioned assets are left pending, they will be automatically deleted after the daily market closure time.

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 10% of the Necessary Margin for Micro Accounts and 20% for all other 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 shall not be liable for this loss. Company makes an adjustment of the full amount of negative Balance from own resources.

7. Bonus Policies

- 7.1. The most up to date bonus policy is always found in the documents section of the website.

8. Funding Your Account

- 8.1. In order to execute transactions the Live Trading Account must be properly funded. All funding methods can be found in the Traders Room under the Deposit Tab. If your credit card statement descriptor appears as "AWHFMarketsLTD18882551137", then please contact Allied Wallet for billing inquires. For those Billing questions please contact Allied Wallet at 888-255-1137.

For any other Billing inquiries, please contact HotForex directly.

- 8.2. WebMoney Disclaimer (Waiver of Liability) Goods and services, offered by us as a Merchant are not provided on order or by request of a person or entity, running WebMoney Transfer System. We hereby act as an independent entity providing services and making independent decisions on pricing and offers. Entities, running WebMoney Transfer System do not receive any commission, interest fees or any other awards/refunds for the provided goods or services and are not liable for our activities. Verification, performed by WebMoney Transfer System only confirms the accuracy of our contact details and proves our identity. Verification is performed by our own free will and doesn't mean or show our connection to the commercial activity of WebMoney Transfer System Operators.

9. Communications

- 9.1. In order to communicate with the Customer, the Company may use:
- a. Trading Platform internal mail
 - b. E-mail
 - c. Fax
 - d. Telephone
 - b. Post
 - c. Company Webpage News Section
 - d. Company Official forum located at forum.HFmarkets.com
- 9.2. The following instructions are not accepted by fax, E-Mail, etc, only through Trading Platform or phone calls:
- a. To open/close a position;
 - b. To delete or modify an Order.
- 9.3. Any telephone conversation between the Customer and the Company may be recorded.

10. Dispute Resolution

- 10.1. 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 two Business Days after the grievance has arisen.
- 10.2. A complaint shall be filed with the Compliance Department by email at compliancemu@hotforex.com

10.3. A complaint shall include:

- a. Full name of the Customer;
- b. Customer's login;
- c. Order(s) number(s);
- d. Details of the conflict;
- e. Description of the conflict situation supported by screenshots.

10.4. 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.

11. Indemnification

11.1. The Company may resolve all Disputes:

- a. By crediting/debiting the Customer's Trading Account;
- b. By re-opening erroneously closed positions;
- c. By deleting erroneously opened positions or placed orders.

The Company has the right to choose the method of Dispute resolution at its sole discretion.

11.2. 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.

11.3. Both the Company and the Customer have the right to initiate the process of Dispute resolution.

11.4. No complaints are accepted if the Customer is not able to place or modify any Order:

- a. Because the Internet connection is poor either on the side of the Customer or the Company or both;
- b. If the Customer's Request to place the Pending Order is sent when an "Error Quote" (Spike) appears on the Trading Platform;
- c. As a result of the failure of the Trading Platform software/hardware and the Server Log-File has no records to prove Customer sent instructions.

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

11.6. In the case of a dispute, the Company is not responsible and cannot reimburse for potential profits or losses.

12. Islamic Accounts

12.1. Clients of Muslim faith are exclusively entitled to open an Islamic Account, wherein no swap charges or roll-over fees are applied for holding overnight positions for up to 7 days. Thereafter a Carry charge is applied on individual and particular lots in accordance with the table below (the Carry charge is expressed in USD per standard lot):

	Short	Long		Short	Long		Short	Long
AUDCAD	-10	-2	EURHUF	-2	-20	USDHUF	-2	-15
AUDCHF	-12	-2	EURPLN	-2	-15	USDPLN	-2	-15
AUDJPY	-10	-2	EURRON	-1	-2	USDTRY	-2	-45
EURUSD	-2	-4	EURCHF	-1	-2	USDZAR	-2	-15
AUDNZD	-5	-1	GBPAUD	-2	-15	USDHKD	-1	-2
EURAUD	-2	-12	GBPNZD	-2	-10	USA30	-3.5	-4.5

12.2. The Company reserves the right to apply, without prior notice, additional commission fees with respect to ex-dividend payments for all Indices and Shares instruments on any Islamic account for trades carried during ex-dividend dates.

13. Trading Volume Limitation

13.1. The Company reserves the right to increase or decrease the trading volume limitation level of one or more instruments at any time without giving prior notice. The volume limitation is applied on a per client basis and in accordance with the table below. (The volume below is expressed on NET standard lot, 1 = \$100.000 USD)

Instrument	Vol. Limit (Lots)
USDCNH	5
USDDKK	5
USDHKD	5
USDHUF	5
USDNOK	5
USDRUB	5
USDSEK	5
USDTRY	5
USDZAR	5
USDCHF	20
USDSGD	5
EURDKK	5
EURHUF	5
EURNOK	5

EURCHF	20
ZARJPY	5
CHFJPY	20
GBPCHF	20
NZDCHF	20
AUDCHF	20
CADCHF	20

14. Suspicious Funding of Trading Accounts

- 14.1. Occasionally, HotForex may see suspicious activity with regards to account funding. In such cases, the Compliance Officer (CO) will endeavor to make contact by email and telephone with the registered owner of the account.
- 14.2. The CO will continue to make such contact for no more than 48 hours. In the event that a response from the account holder has not been received within the 48 hour period, HotForex reserves the right to close all open positions and place the account inactive. If no contact is then received for a further 48hours the funds remaining in the account but not greater than the initial deposit will be returned to the original source of funding. This process applies to all methods of payment.
- 14.3. In the event that a credit card transaction is believed to be fraudulent, the CO will from time to time request scanned copies of the front and back of the credit card in question and may also ask for further proof of address. If such requests are not fulfilled, the CO has the right to inactivate the account and return the funds to the original card used to fund the account.

15. Acknowledgment

- 15.1. By checking the digital signature box on the account opening form the Client acknowledges to be bound by the Business Terms Agreement in conjunction with the Customer Agreement. The Client will be bound by all amendments made to the Business Terms Agreement, with the most recent version always available online via the website. It is the Clients duty to review the Business Terms Agreement and to understand fully the Risk Disclaimer found on the website.

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