Execution Risks

Introduction

In the interest of providing our clients with the best possible trading experience, we feel it is imperative for all traders, regardless of their previous experience, to be as well informed about the execution risks involved with trading at Price Markets UK Ltd. Price Markets UK Ltd is your counterparty to every transaction. For every transaction Price Markets UK Ltd will hedge your trade immediately with a liquidity provider or an internal source (by matching a client order with the order of another client).

Here you will find information detailing the execution risks associated with Price Markets UK Ltd's execution.

Execution Trading Risks

High Risk Investment

Trading foreign exchange (Forex) or Contracts for Difference (CFD) on margin carries a high level of risk and may not be suitable for all investors. Before deciding to trade these products offered by Price Markets UK Ltd ("Price Markets") you should carefully consider your objectives, financial situation, needs and level of experience. The products are intended for retail, professional and eligible counterparty clients. Price Markets UK Ltd is a company registered in England and Wales under registered number: 09597543. Price Markets UK Ltd is authorised and regulated by the Financial Conduct Authority (FCA) under firm reference number: 725804. Our principal place of business is at 22 Upper Ground, London SE1 9PD, United Kingdom and registered address is 35 Ballards Lane, London N3 1XW, United Kingdom. Price Markets may provide general commentary without regard to your objectives, financial situation or needs. General advice given, or the content of this website are not intended to be personal advice and should not be construed as such. Retail clients could sustain a loss of all deposited funds but are not subject to subsequent payment obligations beyond the deposited funds and professional clients could sustain losses in excess of deposits. Foreign exchange are complex instruments and come with a high risk of losing money rapidly due to leverage. 64.4% of retail client accounts lose money when trading Forex and CFD with Price Markets. You should consider whether you understand how Forex and CFD works and whether you can afford to take the high risk of losing your money.

Pris Markets Market Opinions

Any opinions, news, research, analyses, prices, or other information contained on this website is provided as general market commentary and does not constitute investment advice. Price Markets will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

Internet trading Risks

There are risks associated with utilising an internet-based deal-execution trading system including, but not limited to, the failure of hardware, software, and internet connection. Since Price Markets does not control signal power, its reception or routing via the internet, configuration of your equipment or reliability of its connection, we cannot be responsible for communication failures, distortions or delays when trading via the internet. Price Markets employs backup systems and contingency plans to minimise the possibility of system failure, which includes allowing clients to trade via telephone.

Execution Model

Price Markets acts as the counterparty to every transactions.

Unless otherwise specified in your written agreement or other written documents, Price Markets may rely on various third party sources including but not limited to liquidity providers and determines the prices and spreads at which it offers to trade with you. The prices Price Markets offers might not be the best prices available and Price Markets may offer different prices to different clients. If Price Markets elects to use an internal price source (i.e. matching your order with the order of another client), then you should be aware that Price Markets may make by charging fees to both clients.

Please note that as the final counterparty Price Markets may receive compensation beyond our standard fixed mark-up. Price Markets makes prices for the Forex and CFD instruments it offers to its clients. Although these prices may be indicative of the underlying market for the product being traded, they do not represent the actual prices of the underlying asset on the physical market or exchange where it is listed.

Slippage

Price Markets aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of high volatility or limited liquidity. Instances such as trade rollover (5pm ET) is a known period in which the amount of liquidity tends to be limited as many liquidity providers settle transactions for that day. For more information on why rollover occurs, see the section on 'Rollover Costs'. During periods such as these, your order type, quantity demanded, and specific order instructions can have an impact on the overall execution you receive.

Examples of specific order instructions include:
- **Good 'Til Cancelled ("GTC") Orders** - Your entire order will be filled at the next available price(s) at the time it is received.
- **Immediate or Cancel ("IOC") Orders** - All or part of your order will be filled at the next available price with the remaining amount cancelled should liquidity not exist to fill your order immediately.
- **Fill or Kill ("FOK") Orders** - The order must be filled in its entirety or not at all.

The volatility in the market may create conditions where orders are difficult to execute. For instance, the price you receive in the execution of your order might be many pips away from the selected or quoted price due to market movement. In this scenario, the trader is looking to execute at a certain price but in a split second, for example, the market may have moved significantly away from that price. The trader's order would then be filled at the next available price for that specific order. Sufficient liquidity may also need to exist to execute all trades at any price under certain circumstances.

Price Markets provides a number of basic and advanced order types to help clients mitigate execution risk. By utilising a Limit Order type, where available on one of Price Markets platforms, you can ensure you get filled at the price you requested or better. However, you may risk not getting filled with Price Markets liquidity providers when sending Limit orders.

Additionally, when triggered, stop orders become a market order available for execution at the next available market price. Stop orders ensure a higher fill ratio, but do not guarantee a particular price. Therefore, Stop orders may incur slippage depending on market conditions.

Liquidity

When trading Forex and CFDs with Price Markets, Price Markets is the final counterparty to these transactions. Therefore, Price Markets provides the liquidity for the instruments it extends to its clients while dealing as counterparty. Available liquidity is dependent on the overall market conditions, specifically based upon the underlying reference market for the instrument. As in all financial markets, some instruments within the market will have greater depth of liquidity than others. When trading instruments with less depth of liquidity, there may be concerns including but not limited to, impacting the prices at which we offer to trade with you, the inability to execute the trade due to lack of market activity, differences in the prices quoted and final execution received, delay in execution. With these considerations in mind, it is imperative that clients should factor liquidity risk into any trading decisions. In addition, all clients are advised to consider their overall trading strategy, size of the transaction, market conditions, and order type before placing a trade.

Delays in Execution

A delay in execution may occur for various reasons, such as technical issues with the trader's internet connection to Price Markets or by a lack of available liquidity for the instrument that the trader is attempting to trade. Due to inherent volatility in the markets, it is imperative that traders have a working and reliable internet connection. There are circumstances when the trader's personal internet connection may not be maintaining a constant connection with the Price Markets servers due to a lack of signal strength from a wireless or dial-up connection. A disturbance in the connection path can sometimes interrupt the signal and disable the Price Markets trading platforms, causing delays in the transmission of data between the trading platforms and the Price Markets servers. One way to check your internet connection with Price Markets' server is to ping the server from your computer.

Execution with High Volatility

Market volatility creates conditions that make it difficult to execute orders at the given price due to an extremely high volume of orders. By the time orders are able to be executed, the bid/ask price may be several pips away. In cases where the liquidity pool is not large enough to fill a Market order, the order may not be executed or executed with a very large slippage. For Limit Entry or Limit orders, the order would not be executed but instead reset until the order can be filled. Remember, both Limit Entry and Limit orders guarantee price but do not guarantee execution. Depending on the underlying trading strategy and the underlying market conditions traders may be more concerned with execution versus the price received.

Widened Spreads

There may be instances when spreads widen beyond the typical spread. Spreads are a function of market liquidity and in periods of limited liquidity, at market open, or during rollover at 5:00 PM ET, spreads may widen in response to uncertainty in the direction of prices or to an uptick in market volatility, or lack of market liquidity. It is not uncommon to see spreads widen particularly around rollover. Trade rollover is typically a very quiet period in the market, since the business day in New York has just ended, and there are still a few hours before the new business day begins in Tokyo. Being cognizant of these patterns and taking them into consideration while trading with open orders or placing new trades around these times can improve your trading experience. This may occur during news events and spreads may widen substantially in order to compensate for the tremendous amount of volatility in the market. The widened spreads may only last a few seconds or as long as a few minutes. Price Markets strongly encourages traders to utilize caution when trading around news events and always be aware of their account equity, usable margin and market exposure. Widened spreads can adversely affect all positions in an account including hedged positions (discussed below).

Hanging Orders

During periods of high volume, hanging orders may occur. This is a condition where an order is in the process of executing but execution has not yet been confirmed. The order may indicate "pending", "executed" or "processing," in the "orders" window. In these instances, the order is in the process of being executed, but is pending. During periods of heavy trading volume, it is possible that a queue of orders will form. That increase in incoming orders may sometimes create conditions where there is a delay in confirming certain orders. Depending on the type of order placed, outcomes may vary. In the case of a Market order that cannot be filled within Price Markets maximum range with certain liquidity providers, or if the delay has passed, the order will not be executed. In the case of an At Market order, every attempt will be made to fill the order at the next available price in the market. The trade will simply take a few moments to move to the "open positions" window. Depending upon the order type, the position may, in fact, have been executed, and the delay is simply due to heavy internet traffic. Keep in mind that it is only necessary to enter any order once. Multiple entries for the same order may slow or lock your computer or inadvertently open unwanted positions. If at any time you are unable to access the Price Markets trading platforms to manage your account, you may call the Trading Desk directly at +44 20 3290 0088, find our details here: https://pricemarkets.com/contact-us/.

Greyed Out Pricing

Greyed out pricing is a condition that occurs when market is thin for particular currency pairs and liquidity therefore decreases. Price Markets does not intentionally "grey out" prices; however, at times, a severe increase in the difference of the spread may occur due to an announcement that has a dramatic effect on the market that limits liquidity. Such greying out of prices or increased spreads may result in margin calls on a trader's account. When an order is placed on a currency pair affected by greyed out prices, the P/L will temporarily flash to zero until the pair has a tradable price and the system can calculate the P/L balance.

Hedging

The ability to hedge allows a trader to hold both buy and sell positions in the same currency pair simultaneously on many trading platforms. Traders have the ability to enter the market without choosing a particular direction for a currency pair. Although hedging may mitigate or limit future losses it does not prevent the account from being subjected to further losses altogether. In the forex market a trader is able to fully hedge by quantity but not by price. This is because of the difference between the buy and sell prices, or the spread. Price Markets clients will be required to put up margin for one side (the larger side) of a hedged position. Margin requirements can be monitored at all times in the simple dealing rates window. While the ability to hedge is an appealing feature, traders should be aware of the following factors that may affect hedged positions.

Diminishing Margin

A margin call may occur even when an account is fully hedged, since spreads may widen, causing the remaining margin in the account to diminish. Should the remaining margin be insufficient to maintain any open positions, the account may sustain a margin call, closing out any open positions in the account. Although maintaining a long and short position may give the client the impression that his exposure to the market's movement is limited, if insufficient available margin exists and spreads widen for any period of time, it may result in a margin call on all positions.

Rollover Costs

Rollover is the simultaneous closing and opening of a position at a particular point during the day in order to avoid the settlement and delivery of the purchased currency. This term also refers to the interest either charged

or applied to a trader's account for positions held "overnight," meaning after 5 p.m. ET on Price Markets's platforms. The time at which positions are closed and reopened and the rollover fee is debited or credited is commonly referred to as Trade Rollover, Swap or Financing Fee). It is important to note that rollover charges will be higher than rollover accruals. When all positions are hedged in an account, although the overall net position may be flat, the account can still sustain losses due to the spread at the time rollover occurs. Spreads during rollover may be wider when compared to other time periods. Please manage positions accordingly around rollover and understand the implications of spreads widening in regard to execution with existing/open positions or new positions/orders.

Exchange Fluctuations (Pip, Point or Tick Costs)

Exchange rate fluctuations, or pip, point or tick costs, are defined as the value given to a tick movement for a particular instrument. This cost is the currency amount that will be gained or lost with each tick movement of the instrument's rate and is denominated in the same currency as the account in which the pair is being traded. Depending on Price Markets trading platform used and location of Price Markets server you access, you may or may not be able to define this from the platform. Visit https://pricemarkets.com/markets/ and contact our trading desk for definitions.

Inverted Spreads

Price Markets may rely on various third party sources for the prices that it makes available to clients. In the event that a manifest (misquoted) price is provided to clients due to a source that we generally rely on, all trades executed on that manifest (misquoted) price may be revoked, as the manifest (misquoted) price is not representative of genuine market activity. These manifest (misquoted) prices can lead to an inversion in the spread. This may only last for a moment, but when it does, spreads become inverted. During these rare occasions, clients should avoid placing Market orders. While it may be tempting to place a "free trade," keep in mind that the prices are not real and your actual fill may be many pips away from the displayed price. Price Markets reserves the right to reverse such trades, as they are not considered valid. By not trading during these moments, you can avoid the risk associated with the above scenarios.

Trading Desk Hours

The Trading Desk opens on Sundays between 5:00 PM ET and 6:15 PM ET and closes on Fridays between 4:00 PM ET and 5:00 PM ET. Please note that orders placed prior may be filled until 5:00 p.m. ET and that traders placing trades between 4:50 p.m. and 5:00 p.m. ET may be unable to cancel orders pending execution. In the event that a Market GTC Order is submitted right at market close, the possibility exists that it may not be executed until Sunday market open. Please use caution when trading around Friday's market close and factor all the information described above into any trading decision. The open or close times may be altered. Outside of these hours, most of the major world banks and financial centres are closed. The lack of liquidity and volume during the weekend impedes execution and price delivery.

Price Updating Before the Open

Shortly prior to the open, Price Markets refreshes rates to reflect current market pricing in preparation for the open. At this time, trades and orders held over the weekend are subject to execution. Quotes during this time are not executable for new market orders. After the open, traders may place new trades and cancel or modify existing orders.

Gapping

Sunday's opening prices may or may not be the same as Friday's closing prices. At times, the prices on the Sunday open are near where the prices were on the Friday close. At other times, there may be a significant difference between Friday's close and Sunday's open. The market may gap if there is a significant news announcement or an economic event changing how the market views the value of a currency. Traders holding positions or orders over the weekend should be fully comfortable with the potential of the market to gap.

Order Execution over Weekends or Closing

Limit orders are often filled at the requested price or better. If the price requested (or a better price) is not available in the market, the order will not be filled. If the requested price of a Stop order is reached at the open of the market on Sunday, the order will become a Market order. Limit Entry orders are filled the same way as Limit orders. Stop Entry orders are filled the same way as Stops.

Weekend Risk

Traders who fear that the markets may be extremely volatile over the weekend, that gapping may occur, or that the potential for weekend risk is not appropriate for their trading style may simply close out orders and positions ahead of the weekend. It is imperative that traders who hold open positions over the weekend understand that the potential exists for major economic events and news announcements to affect the value of the underlying positions. Given the volatility expressed in the markets it is not uncommon for prices to be a number of pips, points or ticks away on market open from market close. We encourage all traders to take this into consideration before making a trading decision.

Margin Calls and Stop Outs

Margin calls are triggered when your usable margin falls below zero. This occurs when your floating losses reduce your account equity to a level that is less than your margin requirement. Therefore, the result of any margin call is subsequent liquidation unless otherwise specified.

The idea of margin trading is that your margin acts as a good faith deposit to secure the larger notional value of your position. Margin trading allows traders to hold a position much larger than the actual account value. Price Markets's trading platforms has margin management capabilities, which allow for the use of leverage. Of course, trading on margin comes with risk as leverage may work against you as much as it works for you. If account equity falls below margin requirements, the Price Markets trading platforms will trigger an order to close all open positions*. When positions have been over-leveraged or trading losses are incurred to the point that insufficient equity exists to maintain current open positions and the account's usable margin falls below zero, a margin call will result and all open positions will be closed out (liquidated). Please note that MT4 users are subject to different margin call procedures and API users may also be subject to different margin call and stop out procedures. When a margin call is triggered on the account individual positions will be liquidated until the remaining equity is sufficient to support existing position(s). In deciding what positions will be individually liquidated the largest losing position will be closed first during liquidation. Please keep in mind that when the account's usable margin falls below zero, all open positions are triggered to close. The liquidation process is designed to be entirely electronic. Although the margin call feature is designed to close positions when account equity falls below the margin requirements, there may be instances when liquidity does not exist at the exact margin call rate or that Price Markets may be forced to manually stop out trades. As a result, account equity can fall below margin requirements at the time orders are filled, even to the point where account equity becomes negative. Depending on your Client Categorisation, you may be forced to pay the negative balance with Price Markets immediately. This is especially true during market gaps or volatile periods. Price Markets recommends that traders use Stop orders to limit downside risk in lieu of using a margin call as a final stop, although there are no guaantees with

Stop orders as they become market orders on trigger. It is strongly advised that clients maintain the appropriate amount of margin in their accounts at all times. Margin requirements may be changed based on account size, simultaneous open positions, trading style, market conditions, and at the discretion of Price Markets.

Margin

All accounts, mainly accounts where MetaTrader 4 (MT4) is used are defaulted to a tiered margin system. MT4 accounts do not use the Smart Margin system, but use a different version of Price Markets' tiered margin and margin call procedures. The MT4 Tiered Margin system is designed to allow clients more time in which to manage their positions before the automatic liquidation of those positions occurs. Clients are able to see real-time updates of their margin status on the MT4 platform.

The MT4 platform does not allow Price Markets to include commissions in pre-trade margin calculations on client's pending orders. This means that if you place a trade with a small amount of available usable margin under the MT4 account, there is a risk that the execution of the orders could trigger immediate margin call right after the execution as the commission charges can result in insufficient margin to maintain your open positions. You should therefore ensure that you have reserved sufficient buffer usable margin before opening new trades. The MT4 Tiered Margin system consists of two components:

1) **Initial Entry/ Maintenance Margin** – The initial good faith deposit or collateral set aside to open and then maintain a position.
2) **Liquidation Margin (Minimum Required Margin)** – The minimum amount of equity that must be in the account in order to continue holding the current open positions on the account. This is set at half (50%) of the value of the Maintenance Margin and automatic liquidation will trigger when the "Margin Level" label under the "Trade" tab in the MT4 platform reads "50%" or below.

How it Works

On the MT4 platform an account will enter margin warning when the "Margin Level" label under the "Trade" tab in the MT4 platform falls below 100%. When the account is in margin warning the "Trade" tab on the platform will turn red and no new positions may be opened until the "Margin Level" is over 100%. The margin warning period for an MT4 account is indefinite and the account will remain in margin warning as long as the margin level is above 50% and below 100%.

After a warning is initiated, the account will be unable to open any new positions until the Margin Level increases to a level above 100%. There are a few ways to accomplish this: 1) Deposit more funds; 2) Close out existing positions; or 3) Experience beneficial market movements. Note that beneficial market movements and/or deposits may not have immediate effect on the Margin Warning status. When the Margin Level falls below 50% a margin call will automatically occur and the position floating the largest loss with an open underlying reference market will be liquidated either automatically or manually by Price Markets. This process will be repeated until the Margin Level reaches 50% or above.

Expert Advisor (EA)

Expert Advisors ("EA") are automated trading tools that can perform all or part of a trading strategy when using MT4. Price Markets does not vouch for the accuracy or reliability provided by any EA. Traders utilising an EA do so at their own risk. Additionally, many EA's employ the use of micro lots and do not account for fractional pip pricing. On the Price Markets MetaTrader 4 platform the smallest lot size increment is 1k and fractional pips are used. Prior to trading, please contact your EA provider to discuss the lot sizes used in the program and any potential issues that may arise from fractional pip pricing.

Pending Orders

You cannot use a pending order to close a trade or a portion of it on MT4 or mobile and web trading platforms. Pending orders can only be used to open new trades. For example, assume that an account is long 0.2 EUR/USD. A trader then creates a pending order to sell 0.1 EUR/USD. If the pending order price is reached, the order will trigger for execution. However, because the pending order is attempting to trade in the opposite direction of the existing long trade, the pending order will automatically cancel, leaving the long trade unaffected. When closing a trade, MetaTrader 4 users can use stop loss and take profit orders as an alternative to pending orders.

Chart Pricing vs. Executable Pricing

It is important to make a distinction between indicative prices (displayed on charts) and executable prices. Indicative quotes are those that offer an indication of the prices in the market, and the rate at which they are changing.

Price Markets's price feed is derived from a host of contributors such as banks and liquidity providers which results in multiple levels of pricing and liquidity, therefore the charts (which can only reflect one level of pricing) may not reflect where all of Price Markets' liquidity providers are making prices at any given time. In the event that a quote is withdrawn or liquidity is depleted at the indicative rate displayed on the chart, it is possible that executions may occur at an executable price that is different from the indicative price that appears on the chart. Because Forex and CFDs lack a single central exchange where all transactions are conducted, each liquidity provider may quote different prices. Therefore, any prices displayed by a third party charting provider, which does not employ Price Markets's feed, will reflect only indicative market prices and not actual dealing prices where trades will be executed by Price Markets.

Mobile Trading Platforms

There are a series of inherent risks with the use of the mobile trading technology such as the duplication of order instructions, latency in the prices provided, and other issues that are a result of mobile connectivity. Prices displayed on the mobile platform are solely an indication of the executable rates and may not reflect the actual executed price of the order. Price Markets' mobile trading platforms utilise public communication network circuits for the transmission of messages. Price Markets shall not be liable for any and all circumstances in which you experience a delay in price quotation or an inability to trade caused by network circuit transmission problems or any other problems outside the direct control of Price Markets. Transmission problems include but are not limited to the strength of the mobile signal, cellular latency, or any other issues that may arise between you and any internet service provider, phone service provider, or any other service provider. Please note some features of Price Markets trading platforms will not be available on the mobile trading platforms. Key differences include, but are not limited to, charting packages, daily interest, rolls will not appear, and the maintenance margin requirement per financial instrument will not be available. It is strongly recommended that clients familiarise themselves with the functionality of the mobile trading platforms prior to managing a live account via portable devices.

API Trading Risks

Our application programming interface ("API") offers limited functionality and information. You should not rely solely on our API as a means of fulfilling your obligations under your Agreement with us and you should not use methods or properties of our API which are not supported. Price events sent through our API may be throttled to your external application. This means that you may not receive every price tick on each instrument due to the dynamic nature of the Instruments we offer. To maximise the performance of our API, events may be sent in batches. The use of batching may cause a delay to events being sent by the API to your application.

You acknowledge that Price Markets and its third-party Execution Venues and Liquidity Providers have wide powers to impose Limits on your trading activity and that orders submitted through our API may therefore be delayed, executed, partially executed, amended or cancelled. We cannot guarantee the delivery of each event generated via our API and therefore we cannot guarantee that the status of your Account is always up to date. You should resubmit your subscriptions to the relevant API events when a gap in an event batch sequence is detected to obtain up to date information, if possible via the specific API you access.

Cross-Platform Compatibility

Price Markets MT4 login credentials grant a user with access to the Price Markets web and mobile platforms. Therefore, Price Markets MT4 account holders can place and manage trades and orders through the Price Markets web and mobile platforms. Account details for retail clients (e.g. orders, trades, P/L, margin, equity) will match on all of these platforms and their statement of records. However, please note that some functionality may not be available on all platforms.