FXSolutions
Advantage, Trader.

Fast Market Policy

The Financial markets, at times, exhibits extreme price volatility, a condition known as a "fast market". Fast market conditions may be caused by various factors including, but not limited to, news releases such as non-farm payroll numbers, order imbalances-significantly greater orders of one type (e.g., "buys") than another type (e.g., "sells").

During the extreme price volatility in fast markets, prices will "gap" and spreads widen. A price gap occurs when the price of a market jumps or plummets from its last bid/offer quote to a new quote, without ever trading at prices in between those quotes.

In the case of Forex, Euro/US Dollar currency pair may move from a bid/offer of 1.3591 - 1.3594 and begin trading at 1.3641 - 1.3644, without ever trading at the prices between those quotes. In the case of CFD's UK 100 CFD could move from a bid/offer of 4900 - 4904 to a bid/offer of 4812 - 4816 without ever trading at prices between those quotes. In these instances both stop-loss and entry stop orders will either be executed at their requested rate , if the market has traded there, or at the next available price in the market, regardless of order size. These orders will be automatically executed and will not require dealer intervention. Limit entry orders and limit orders are guaranteed to be filled at the requested rate. This policy creates uniformity and transparency of trade execution and does not discriminate based on the size of the order.

Prior to major economic news releases, FX Solutions may decide to restrict the placing of Entry Orders to, for example, a minimum of 20 pips away from the current market price instead of the normal 5 pip for all currency pairs. The decision to widen this spread will be based on the prevailing market liquidity and volatility. Each data release will be evaluated separately. This change will only affect Entry Orders and does not prevent the placing of Market Orders during these times. Our actions are designed to reflect current market conditions and to protect our clients from the possibility of extreme gap fills during periods of increased volatility.

The standard industry practice for dealers, including dealers on the interbank market, during fast market conditions and price gaps, is to set market levels and execute orders manually without the use of automated systems or services. The process during fast markets is typically:

- Initially, major money center banks and other online price providers halt all direct dealing and their pricing engines are suspended,
- Dealers analyze event and determine the correct price,
- Prices enter market 20-30 pips wide or more,
- Spreads in market narrow as more dealers enter the market.

In such an event, there may be a delay in trade execution, which may be significant, while rates are cross-referenced to ensure valid execution. Further, stops placed close to a market that has traded through the stop price are re-priced on the next best tradable price. Thereby, a specified rate order does not provide a fixed-price guarantee to the counterparty.

FX Solutions, like all dealers, is a "request for quote" dealer, and follows industry standards for fast market conditions. FX Solutions' clients that elect to trade during fast market conditions are responsible for losses incurred by their account because of such trading, as clients are responsible during normal trading conditions. These responsibilities are the same responsibilities that FX Solutions has with its interbank counterparties during normal and fast market conditions. FX Solutions will not be held liable for any losses due to fast or volatile markets, electronic disruption in service, service delays, incorrect information received from service vendors (i.e., quotations, news services) and/or customers (i.e., client profile data, updated data).