

Regulations of the Social Trading Platform

Liteforex (Europe) Limited, hereinafter referred to as the “**Company**”, provides a service package, hereinafter referred to as **Social Trading Platform** in the manner and on terms set out in these **Regulations**.

The Social Trading Platform is intended for the Clients of Liteforex (Europe) Limited and located at <https://social.liteforex.eu>. In order to log in to the Social Trading Platform, a Client shall use his/her Client Profile or trading account login information.

The Social Trading Platform is intended for the Clients whose profiles are fully verified and who are appropriate and suitable according to the Company’s questionnaire scoring.

The Client accepts fully and unconditionally the terms of these Regulations once he/she has registered a Client profile and opened accounts specifically designed for the Social Trading Platform.

1. Terms and definitions

1.1. The terms used for the purpose of these Regulations have the following meaning:

Trader – is a Company’s Client who has registered his/her current trading account in the Social Trading Platform or opened a new account through the platform for other Clients to be able to copy the trades conducted in the Trader’s account onto their Investor’s accounts.

Investor – is a Company’s Client who has registered his/her current trading account in the Social Trading Platform or opened a new account through the platform in order to copy transactions from the Trader’s account.

Trader’s commission (Profit sharing) – is a part (%) of Trader’s profit made in the Investor’s account over a completed trading period whose amount is determined by the Trader upon his/her registration in the Social Trading Platform and which is to be paid to the Trader’s account from the Investor’s account as a commission for copy trading.

Commission – is a profit share expressed in monetary terms and transferred from the Investor’s account to the Trader’s account during rollover.

Trader’s rating – is a special table on the official website of the Company which displays the latest aggregate information on Trader’s registered accounts.

Account liquidation – is a termination of use of a trading account as the Trader’s account.

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Rollover – is a distribution of profit derived from copying the transactions from the Trader's account to the Investor's account between the holders of the Investor's and Trader's accounts which immediately takes place at the end of a trading period.

Copying trading – is a simultaneous (synchronized) opening/closing of trading operations on the Investor's account that are identical to the operations on the Trader's account (with the same parameters or different depending on the settings of the copying process).

Trader's account – is a trading account registered in the Social Trading Platform with the view of providing a copy trading option to other traders and thereby receiving a profit share.

Investor's account – is a trading account registered in the Social Trading Platform with the view of copying trades from the Trader's account thereon.

Debt – is a partially or fully outstanding commitment of the Investor to pay a profit share to the Trader.

Copying settings – are parameters of the Investor's account which are set when creating the account and which are specifying the procedure of copy trading.

Percent of the volume – a parameter of copy settings for the "Copying a predefined percent of each trade" copy type. It represents a ratio (in %) of the volume of the trade copied onto the Investor's account to the volume of the respective trade in the Trader's account. It may vary from 1% to 100% in 1% increments.

Volume – a parameter of copy settings for the "Copying a fixed size of each trade" copy type which defines the volume of the trades to be copied onto the Investor's account. It is measured in lots.

Equity Stop Copying Level – a parameter of copy settings which defines the amount of the Investor's account equity deemed to be critical. Once this level achieved, copying of new trades onto the account will be suspended.

Copy equity – a parameter of copy settings for the "Copying in proportion to Investor's equity" copy type which defines in monetary terms the maximum amount of funds that may be used for opening trades in the Investor's account.

Attachment – is a registration of the trading account as the Investor's account.

Detachment – is a disconnection of the Investor's trading account from the Trader's account.

Trader's pause – is a suspension of copy trading initiated by the Trader.

Investor's pause – is a suspension of copy trading initiated by the Investor.

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Debt owed to Traders – is a list of the Client's debts owed to the Trader and registered in his/her Investor's accounts.

Investors' debt – is a list of the Investor's accounts with registered debts owed to the Trader.

Debt settlement – is a transfer of the money from the Investor's account (or a trading account that used to be the Investor's account at the moment of debt creation) to the Trader's account with the view of paying off profit share liabilities to the Trader.

If the above list does not provide a definition of one of the terms used in these Regulations, the interpretation of this term should be based on the definition provided in the General Business Terms in the manner set out in paragraphs 12.1 and 12.2 of these Regulations.

2. General provisions

2.1. These Regulations set out the rules and manner of providing the Clients with the Social Trading Platform that represents a system for copying trades. The Company is responsible for providing the Platform in the manner set out in these Regulations. The Company does not manage Trader's accounts and shall not be liable for Traders' trading results.

2.2. These Regulations come into force as soon as the Client registers his/her trading account as the Investor's account or Trader's account and shall be valid as long as the Client has at least one trading account registered as the Investor's account or Trader's account and/or a debt.

2.3. Under the terms of the Social Trading Platform, the Company's liability is limited to providing the Clients with due technical operations of the Social Trading Platform and does not concern Traders' trading results.

2.4. If, for some reason, a Client does not have a technical opportunity to use the Social Trading Platform for managing the Trader's or Investor's accounts, the Client is entitled to use any means of communication to contact the Company in order to give instructions for some particular actions (including, without limitation, detachment, account liquidation, rollover, and the like). If the Client fails to undertake any of these actions, the Company shall not be liable for any losses or missed profits.

3. Description of Social Trading Platform

3.1. The Social Trading Platform is a software solution which implements and automates all processes of copy trading in the trading accounts within the Company.

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3.2. The Social Trading Platform automates the following processes:

- registration of trading accounts as Trader's accounts;
- attachment of the trading accounts as Investor's accounts;
- copying of trades from the Trader's accounts onto the Investor's accounts in accordance with relevant copy settings;
- execution of rollovers and paying off commission to the Trader;
- update of information on the Trader's accounts in the monitoring table;
- update of information on debt.

3.3. The Trader conducts trading operations on his/her own Trader's accounts. The documents that shall govern the conduction of trades in the Trader's accounts are General Business Terms and Best Execution Policy.

3.4. Trades conducted in the Trader's accounts are copied onto the attached Investor's accounts.

3.5. Copying a trade from Trader's account shall mean a simultaneous opening/closure of a trade on the same trading instrument, of the same type (Buy or Sell) in accordance with copy settings in the Investor's account.

3.6. The Client's acceptance of provisions of these Regulations does not imply the contractual relationship between the holders of the Investor's and Trader's accounts, and therefore does not result in concluding an agreement between them.

3.7. The Trader has a right to use any trading strategy, he/she trades using his/her own funds; however, he/she does not provide trust management, nor gives counseling to a holder of the attached Investor's account.

3.8. The Investor has a right to set the parameters of copy settings independently, including the possibility to change the percent of volume, which allows him/her either to accept the same trading risk, which bears the Trader's account, or reduce it to an acceptable level.

3.9. The Investor has the right to close or modify independently the trades copied from the Trader's account.

3.10. The Trader has the right to pause and to resume the Copying of his/her Copy Trader. During the pause mode, the Copy Trader's open trades are closed as the Trader closes his/her respective trades. New trades won't be opened.

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4. Trader's rights and responsibilities

- 4.1. The Client has the right to register any of his/her ECN or/and CLASSIC accounts as a Trader's account.
- 4.2. Trader has the right to set his/her profit Share in a 0%-100% range.
- 4.3. The profit share set in the parameters of the Trader's account at the moment of the Investor's account attachment shall remain valid for this particular Investor's account.
- 4.4. Trader has the right to change the level of profit share at any time. The new amount will not apply to the Investor's accounts that have been already attached.
- 4.5. By registering the Trader's account, the Client confirms his/her consent to copying trades from the Trader's account onto all attached Investor's accounts.
- 4.6. The Trader has a right to initiate rollover at any time.

5. Investor's Rights and Responsibilities

- 5.1. The Client has the right to register any of his/her ECN or/and CLASSIC trading accounts as the Investor's account.
- 5.2. When registering the Investor's account, the Client shall:
 - indicate a Trader's account from which the trades will be copied, the Investor's account should be the same type as the chosen Trader's account;
 - select one of the available copy type;
 - determine copy settings relevant to the selected copy type.
- 5.3. As soon as the registration procedures are fulfilled, an Investor's account is considered to be attached to the Trader's account, selected for copying of the trades until the moment of detachment.
- 5.4. The Investor has the right to change copy settings at any time under the relevant copy type in his/her Investor's account. Copy type can be changed provided that no copied trades are opened in the account.
- 5.5. Client cannot attach his/her own Investor's account to his/her own Trader's account.

6. Copy trading

- 6.1. Any trading operations executed in the Trader's account are copied onto the attached Investor's accounts with the exception of the following:

- the volume of the trade to be copied onto the Investor's account is less than the minimum trade

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- volume set by the Company on the trading server for the particular trading instrument;
- the Investor's account does not have enough funds to open a new position;
- the Investor's pause has been set in the Investor's account;
- the Trader's pause has been set in the relevant Trader's account;
- the Social Trading Platform has been disabled for the profile of the Investor's account or Trader's Account holder due to debt or for any other reasons;
- the Investor's account equity is less than or equal to the equity stop copying level.

6.2. The trades copied onto the Investor's account are executed at the current market price; and can therefore be different from the prices at which the respective trades have been executed in the Trader's account.

6.3. If the volume of the trade to be copied onto the Investor's account is more than the maximum trade volume set by the Company on the trading server for the particular trading instrument, the trade shall be copied with the maximum trade volume applicable to this trading instrument.

6.4. When calculating the volume of the trades to be copied onto the Investor's account, the volume should be rounded to a value equal to 1 trade volume increment set for the trading instrument.

7. Copy settings and types

7.1. All settings applicable to the Investor's account, including copy setting, shall be set by the Investor independently. The Trader cannot control or influence the choice of copy type or the copying process in general.

7.2. The Company provides 4 types of copy trading and each of them has different parameters of copy trading:

7.2.1. Full Size copying 1 for 1. This copy type implies that the volume of a trade copied onto the Investor's account is equal to the volume of the respective trade in the Trader's account.

Settings parameters of the Full Size copying 1 for 1: none.

7.2.2. Copying a fixed size of each trade. This copy type implies that the volume of a trade copied onto the Investor's account is always identical to the volume pre-set in copy settings.

Settings parameters of copying a fixed size of each trade: volume parameters determine the volume of the transactions copied on the Investor's account.

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7.2.3. Copying a predefined percent of each trade. This copy type implies that the volume of a trade copied onto the Investor's account is equal to the volume of the respective trade in the Trader's account multiplied by the percent of the volume. The following formula applies to this copy type:

*Trade volume in the Investor's account = trade volume in the Trader's account * percent of the volume / 100*

Settings parameters of copying a predefined percent of each trade: percent of the volume may vary from 1% to 100% in 1% increments.

7.2.4. Copying in proportion to Investor's equity. This copy type implies that the volume of a trade copied onto the Investor's account shall be calculated by use of the following formula:

*Trade volume in the Investor's account = trade volume in the Trader's account * copy equity / Trader's equity, where:*

- copy equity is defined by copy parameters;
- Trader's equity is the amount of funds in the Trader's account at the moment of trade copying.

Copy settings shall specify in which way the amount of copy equity will be computed:

- Part of equity – this value implies that the amount of copy equity is specified by the Investor; if the current equity amount in the Investor's account is less than the specified value, the current equity amount will be used as this value;
- All equity – this value implies that copy equity shall be equal to the current amount of funds in the Investor's account at the moment of copying the trade.

7.3. In order to limit potential losses in the Investor's account, the Client may set the parameter "Equity Stop Copying Level" in his/her Investor's account. If the Investor's account equity becomes less than or equal to the equity stop copying level, copy trading will be suspended in this account.

7.4. The equity amount in the Investor's account is compared with the equity stop copying level every 3 (three) minutes.

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8. Rollovers and trading intervals

8.1. Each trading interval on the Investor's account ends up with rollover in this account.

8.2. A rollover occurs in the presence of a positive aggregate profit from copied trades in the Investor's account. Only the trades copied from the Trader's account and closed after the completion of the previous rollover shall be considered when calculating aggregate profits.

8.3. After rollover, commission is transferred from the Investor's account to the Trader's account.

8.4. The amount of commission is calculated by means of the following formula:

$$\text{Commission} = \text{aggregated profits from copied trades over trading interval} * \text{profit share} / 100$$

8.5. All settlements between the Trader and Investor are realized only by use of the special software developed by the Company. If rollover has not taken place due to a technical failure, it shall be executed as soon as the failure has been eliminated and the operation of the Platform has been resumed in full.

8.6. If rollover is activated by the Trader, mutual settlements will be made in all Investor's accounts attached to this Trader's account.

8.7. A request for rollover is made automatically in each particular Investor's account in the following cases:

- detachment of the account;
- withdrawal of the funds from the Investor's account;
- change in copying settings.

8.8. In case there is not enough free equity to pay out commission for rollover:

- a partial payment equal to the amount of available equity will take place;
- a debt will be formed.

9. Detachment from the Trader's account and liquidation of the Trader's account

9.1. Detachment of the Investor's account shall include the following steps:

- request to perform rollover;
- disconnection of the account from the Social Trading Platform.

9.2. The Investor has the right to detach his Investor's account at any time. At the same time, the Investor realizes and agrees that all current copied trades will be closed at current prices.

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9.3. Liquidation of the Trader's account shall include the following steps:

- request to perform rollover and settlements in all Investor's accounts attached to this Trader's account;
- detachment of all Investor's accounts attached to this Trader's account.

9.4. The Trader has the right to liquidate his/her Trader's account at any time. At the same time, the Trader realizes and agrees that all current trades in his/her account will be closed at current prices.

9.5. The Company has the right to liquidate the Trader's account of the Client with no reason given and with subsequent notice at any time, in the following cases:

- drop of the Trader's account overall profitability to/below -95% (minus ninety-five percent);
- no activity in the account in a 30-day period;
- detecting fraud or violation of the provisions of the Best Execution Policy and/or Public Offer, or a suspension that the Trader has performed actions aimed at making illegal profits from the Social Trading Platform.

10. Withdrawal of funds from the Investor's account and commission payment liabilities

10.1. The Investor's account equity available for withdrawals is decreased by the current commission amount.

10.2. The formation of debt in one of the Investor's accounts results in:

- The suspension of the Social Trading Platform operation in all accounts of the Client till debt settlement. The suspension of the Social Trading Platform does not concern open copied trades in the Investor's accounts;
- Withdrawal of funds from the Client's all accounts is blocked till debt settlement, regardless of whether or not the accounts are attached to the Social Trading Platform.

10.3. The Client has the right to settle debt fully or partially by making a deposit in these accounts, including internal transfer. Partial debt settlements shall not cancel full debt settlement liabilities.

10.4. All debts are displayed chronologically in the debt table within the Client profile and can be used to repay debts in the stated order. All debts shall be settled chronologically, i.e. the debt indicated as the second on the list cannot be paid off prior to the debt indicated as the first one on the list.

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11. Risks and obligations of the parties

11.1. The Investor fully understands and accepts all risks that may arise under the Social Trading Platform and that may be connected to copying trades from the Trader's accounts.

11.2. The Investor assumes responsibility for providing enough funds for executing orders and maintaining positions in his/her account regardless of whether they have been copied, opened manually or by use of Experts/Advisers, and for paying commission.

11.3. The Investor understands and accepts the risk arising from the fact that aggregate margin requirements in the Investor's and Trader's accounts may be different.

11.4. The Investor understands and accepts all possible risks related to losses or missed profits incurred as a result of rounding values when using copy settings.

11.5. The Investor accepts the fact that the suspension of copying upon reaching equity stop copying level can take place at later time and result in less equity.

11.6. The Trader and the Investor accept the risks connected with a possible difference between the transaction execution prices in Investor's and Trader's accounts, according to the paragraph 6.2. The Company shall not be held liable for compensation of a possible difference in profits/losses and a possible difference in commission amounts incurred in such trades.

11.7. The Trader assumes the risk of not receiving commission for the reasons stated in paragraph 6.1. The Company shall not be held liable for compensation of commission in such trades.

11.8. The Trader assumes that the Investor may at his/her own discretion close and/or modify trades, which have been copied from the Trader's account in his/her own accounts. The Company shall not be held liable for the Investor's actions and shall not compensate the Trader for missed commissions.

11.9. The Trader assumes the risk of not receiving commission or a part of commission due to the absence of necessary funds on the Investor's account at the time of rollover. The Company shall not be held liable for compensation of missed commission if the required amount cannot be debited from the Investor's account in full.

11.10. Under no circumstances shall the Company assess the competence and business/ethical qualities of Traders and be liable for incurred losses or missed profits.

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11.11. The Company shall not be held liable for the risk of deliberate or inadvertent failure of the holder of Trader's account to safeguard interests of the holder of Investor's accounts. In such cases, all risks shall be the responsibility of the Investor.

12. Miscellaneous

12.1. In the event one or more provisions of these Regulations become invalid for some reason, or lose legal effect, such invalidity shall not affect other provisions of these Regulations, which remain effective.

12.2. In case of ambiguous interpretation of the terms of these Regulations, first priority shall have definitions given in the General Business Terms; definitions given in other Regulations shall have the second priority.

12.3. The Company reserves the right to amend the provisions of these Regulations at any time by giving a 14 days' written notice to a Client. Amendments shall enter into force and become binding on the Client from the date indicated in the written notice.

12.4. Notification to the Clients for the purpose of these Regulations is made as follows:

- announcement in the "news" section of the Company's website;
- e-mail distribution.