Fair Execution Policy

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Fair execution policy

ThinkMarkets believes in offering a fair and reliable trading environment for all clients. In order to enforce this fair and just handling of client trades, ThinkMarkets has created a number of procedures to ensure that all clients get the best possible execution without manual interference from dealers or deliberate order manipulation.
The Fair Execution Policy can be divided into a number of areas:

- Execution Policy
- Slippage Policy
- Market Gap and Order Type Policy
- Liquidity Shortage Policy
- Leverage and Stopout Policy
- Swap Free Account Policy

Execution Policy

In order to suitably manage risk and exposure, ThinkMarkets may take on the risk of client trades and positions by executing trades directly, or pass trades direct to a liquidity provider, using a Straight Through Processing (STP) arrangement.

Where trade risk is passed to a third party (STP - Third Party is counterparty); it is the responsibility of the Liquidity Provider (LP) to ensure the fair and acceptable execution of trades. All orders are routed to them through the use of an order execution engine, which features no chance of interference. Clients receive an execution direct from the LP and the only difference between the execution price provided by the LP and that received by the client is the spread mark-up applied by ThinkMarkets. We have entered into liquidity arrangements with top tiered institutions to ensure the best handling of client trades. From time to time we may add or remove LPs to ensure the best execution of trades.

Where trade risk remains with ThinkMarkets (ThinkMarkets is counterparty), all orders are routed from the trading platforms through an order execution engine to ensure the appropriate and speedy execution. All orders are handled and executed in line with the executions available in the market and the rates received from liquidity providers are passed to clients plus the small spread mark-ups charged by us for using our services.

Unless in the case of major technology errors, no orders are manually executed by dealers and all orders are routed through the bridge.

Slippage Policy

ThinkMarkets details a Slippage Policy for clients, visible on the company website as below:

What is slippage?
Slippage is the difference between the execution price and the requested price of a pending order or trade caused by gapping in the markets.

What is gapping?
A gap in the markets relates to the situation where there is a break between the tradable prices and typically occurs under one of two circumstances:

- When there is a difference between the price a market closes and reopens either over a weekend or a break in the trading hours
- When the market 'jumps' and moves from one price to another very quickly, usually around the release of an economic indicator

Slippage Scenarios

As slippage is a natural occurrence in trading, it is not possible to completely avoid and it occurs in many different market conditions and for a number of reasons. Slippage can be either positive or negative resulting in a better or worse execution than expected by the client.

All slippage encountered by ThinkMarkets clients is organic in nature and is a result of market conditions and the prices received by liquidity providers. There are no settings to create unnatural or asymmetric slippage where a client would be more likely to receive negative slippage than positive slippage.

Special Conditions: In certain situations clients may request special trading conditions such as a larger maximum trade size or different order routing. In any such case, the client will be informed that a change in conditions may result in increased slippage or more unfavourable executions. The client will be required to agree via email or via recorded phone call about such potential risks.

Market Gap and Order Type Policy

Clients of ThinkMarkets can elect to trade by using market orders (to be filled immediately) or by placing pending orders (to be filled at a set price at some point in the future).

- When a client executes a market order;
- the order is filled as quickly as possible, at the first available price. As there is no set price, the client is determining that they want to enter the market regardless of the execution price received. Clients may receive a price different to the visible price at the time of clicking to confirm the order.
- When a client executes a pending order and the condition price is met; the order will be filled at the first available price. This may be the exact price requested, or may be a small distance away due to slippage.

When the market gaps, which means the market jumps between prices without ticking at all rates in between, an order will be filled at the available rate after the gap has triggered the order. A market gap will typically occur on market open after a weekend or trading break, but can also occur around news releases or during significant events. In the event of the market 'gapping' past an execution price, the trade will be filled at the first available rate.

Liquidity Shortage Policy

In certain situations the amount of available underlying liquidity may be lower than typical which can result in a price that is not executable for trades of a larger size. This means that whilst a trade may be confirmed at the headline or top of book price, the underlying execution may have experienced slippage. In such situations, the execution price you received may be adjusted to reflect the available liquidity in the market.

Leverage and Stopout Policy

Clients can choose to set their desired leverage rate up to 500:1, however we do impose some restrictions in order to limit risk and exposure both on behalf of the company and the client. There are defined bands as below:

Account balance or equity	Maximum leverage
$0-$49,999	500:1
$50,000-$199,999	200:1
$200,000-$999,999	100:1
$1,000,000+	50:1

In the event that an account goes above the maximum balance or account equity for its leverage setting, we may take the decision to reduce the leverage. In such events, we will inform the account and give suitable notice before making any such change. As per the margin call policy which is available to clients on our website:

A margin call will be triggered if the following criteria are met. It is important to note that proper risk management and placing of stop losses reduces the need for a margin call on a traders account. We advise all clients and traders to strictly adhere to margin requirements when trading:

- Minimum Margin Requirements on Open Positions must be maintained by the customer at all times.
- All open positions are subject to liquidation by ThinkMarkets should the Minimum Margin Requirement fail to be maintained.
- Margin requirements may change at any time. ThinkMarkets will do its best to inform the customer about any projected changes by email and via the trading platform's message system at least a week before changes go into effect.
- ThinkMarkets will liquidate all Open Position in a customer's account if the total equity, at any time, equals or falls below 50% of the Used Margin. All positions on hedged accounts will be closed if account equity falls into negative. Positions will be closed based on the best execution prices available at the time to ThinkMarkets.
- The placing of Stop Loss Orders, used to minimize losses, is the client's responsibility.

Special Conditions: In certain cases we may, following discussions, agree to allow a higher leverage level than the typical conditions as detailed. We may also offer a lower or higher stop out level than the typical 50%. In such cases the client must agree to the potential additional risks involved via email or recorded phone call before any changes are made.
We can choose to give more or less leverage at our discretion and can trigger a margin call in any situation where the client does not cover at least 100% of the margin requirement to hold positions.

Swap Free Account Policy

ThinkMarkets may allow a client to use an account set as 'swap free' under certain conditions. Swap-free accounts with ThinkMarkets do not earn swap or interest for any products held in the account. Instead, you will be charged a simple weekly administrative fee for positions that are held for seven days or more. Please note that not all products all available on an swap-free account. For more information, click here.

A client is typically granted swap free status for religious purposes such as for Islamic clients that must abide by Sharia law and cannot have exposure to interest rates. We may in certain situations offer a swap free account to non-Islamic clients, although this is typically in extreme circumstances.

ThinkMarkets may continue to be charged or credited swaps by LPs regardless of the status of the individual account responsible for the trades therefore swap-free account status is a privilege, not a right.

Swap Free Abuse
In certain situations, either deliberately or inadvertently, a client may trade in a manner which is deemed to be 'unfair' and results in financial losses to ThinkMarkets as a result of holding long term positions to benefit from swap rate differentials.
If an account is viewed to be guilty of abusing the swap free status, whether intentionally or by virtue of their trading style, we may inform a client of the removal of swap free status and the account may be held liable for any swap fees that have been 'avoided' resulting in the amount being removed from the trading account. We will endeavour to provide suitable notice, which will typically be a minimum of 24 hours. Any decisions regarding the approval or removal of an account's swap free status will be at the sole discretion of ThinkMarkets.