

# **TERMS AND CONDITIONS**

**PELLIRON UNIVERSAL INC.**

**February 2018**

## **Introduction**

Pelliron Universal Inc. (hereinafter called “Company”) is an Investment Firm was founded at Trust House, 112 Bonadie street,Kingstown, Saint Vincent, Saint Vincent and the Grenadines.

The Terms and Conditions determine the rules of margin trading and all actions regarding the execution of Client’s Orders. According to these Terms and Conditions the Company performs:

- client authorization (identification);
- reception and execution of orders;
- Recording of current transactions/orders on the Clients account.

The main purpose of these Terms and Conditions is to prevent any disputes between the Client and the Company.

## **Acknowledgement**

The Client acknowledges that he/she read, understood and accepted these Terms and Conditions in addition to any information contained within the Company’s website including but not limited to the "Legal Documentation" available online.

## **General terms of Client’s order execution**

The procedure for handling the Client’s Order instructions:

- the Client sends the instruction through the Client Terminal;
- the Client Terminal sends the instruction to the server;
- the valid/verified Client’s instruction is placed in the queue;
- the server receives the result of the execution process;
- the server sends the execution information to the Client Terminal;
- the execution information gets exposed to the Client.

The Client accepts that the Company bears no responsibility for any instructions that may be misinterpreted due to a technical or other error. The Client accepts that once the Company receives an instruction they can not be cancelled or deleted, except where the Company agrees to such cancelation or deletion.

## **Margin trading**

The Company provides the leverage to the Client. Leverage depends on the financial instrument and is specified in the section “Trading Conditions” on the Company’s website. In order to open a position the client is required to deposit funds (“Initial Margin”). Information about the amount of the Initial Margin for each instrument can be found on the Company’s website.

A free margin can be withdrawn by the Client at any time or it can be used to open new positions. While the Client is holding open Positions, the size of an Equity can decrease or increase because

of the relevant market price movements. Thus, the Company requires that the Equity shall not be less than 1% of the Margin. This size is called the Required Margin.

The Required Margin can not be withdrawn from the Client's Account or used to increase the total Open Position.

If the Equity falls below 1% of the Margin, the Company has the right to completely or partially close the Open Position without giving any prior notice to the Client. The forced Close of the Position depends on the possibility to efficiently execute position at the Market Price and it doesn't depend on the amount of profits/losses of such Open Position or any other factors.

## Order types

The Market order is the order given to the Dealer to buy or sell a certain amount of the lots, specified by the Client at the current Market price.

The Pending order is the order given to the Dealer to buy or sell a certain amount of the lots in the future, when and if the Market price will reach the price specified in the Order.

Any of these types of Orders (Market or Pending Order) shall always be the Order to buy or sell Instrument. Buy shall always be executed at the Ask price, and sell at the Bid price according to the current Market price. Regardless of the Order type, it is accepted only during the company's working hours. Orders are executed only during the trade session of any particular market. Please refer to the section "Trading Conditions" in the Company's website.

In case of quotes flow failure due to technical reasons the Company will have the right to revoke any results achieved under any kind of orders during quotes failure. The Company will not refund any profits obtained in such situations. Any reference to any other source of quotes rather than the one of the Company's Trading Server will not be taken into consideration.

## Market Orders

Market Orders may be carried out either by "Instant Execution" or by "Market Execution" according to the account type chosen by the Client.

According to the "**Instant Execution**" method the Client immediately sends the instruction either to open the Position in accordance with the specified particular Instrument and amount by pressing the (Buy/Sell) button of Trading Terminal or to Close the whole or a part of the Position by pressing the (Close ...) button at the price specified in the Market Order Window.

As provided by the "At Request" Market Order the Client specifies a number of lots and the Instrument under which the Order shall be executed. Upon the receipt of the Clients Market Order, search of opportunity will start with the declared Instrument in accordance with the specified amount. Once the Market price is obtained – Bid and Ask will be exposed to the Client on the Company's terminal. In general, the quotation of the Market price takes a few seconds. The Company makes the best efforts to speed up the process of the quotation.

The company undertakes to make an effort to maintain its servers and terminals. However, the Client understands that there is no software which can be absolutely reliable. In case it is impossible to send the order through the terminal, it is recommended for the Client to use telephone services (cl. 6 of this Terms and Conditions). The Client acknowledges that obtaining of the Market price at the real market can take some time, depending on the volatility, current size of transactions, total number of orders in queue for execution at any given moment.

As a result of the Extreme Market Situation, there can be delays of different duration. The Company undertakes to make the best efforts to minimize such delays. However, it is not possible to completely avoid them under the conditions of the real market.

Bid and Ask prices quoted to the Client are valid for no more than 5 seconds. After that period of time the application is regarded as cancelled unless the client has confirmed the Order. If the client has confirmed the Order, the buy/sell operation is carried out at the price, confirmed by the client. Hereby the Order is executed at the “Market Price”.

If the Client has received Bid/Ask prices at request, pressed the Transaction (buy/sell) button or if the Client has every ground to think that he has pressed the confirmation button, but there are no applicable changes in the terminal, the Client is bound to contact the Company in order to find out the case.

In case the price has changed during the time of order processing, the Company has the right to offer a new price (re-quote) to the client, which the client may agree with or decline.

According to the “**Market Execution**” method, the Client sends the instruction either to open the Position in accordance with the specified particular Instrument and amount by pressing the (Buy/Sell) button of Trading Terminal or to Close the whole or a part of the Position by pressing the (Close ...) button. The Client’s order to open a position with “Market Execution” technology may be executed at a different price to the quoted price specified in the Clients Market Order Window. There will be no re-quotes under this method.

In all cases (both kinds of execution method) of absence of the required liquidity the Client’s order may be declined or the execution time may be increased.

## **Pending orders**

In order to place the Pending Order, the Client specifies the Instrument, a number of lots, a type of the Order and the price, the level of which assigns the start of the execution of the Order. The client bears full responsibility for accuracy of the transferred information indicated in the Order.

Pending orders, may be placed not closer than Limit or Stop Order Level from the current Market price. In exceptional cases, such as the Extreme Market Situation, deviation from this rule can take place. In such cases Pending orders shall be placed at the best possible price at the market suitable for the Client

Pending orders are GTC (Good Till Cancelled) orders, until they are cancelled by the Client, or not executed, or removed due to insufficient margin. Pending orders presented for execution, but not complied with the margin requirements, shall be cancelled immediately without the Client’s consent.

For “Instant Execution” technology any Pending orders may be cancelled or changed by the Client. For “Market Execution” technology any Pending orders may be cancelled or changed by the Client during the Company’s operational hours in case the Pending order was not yet passed for execution (activation) – there is no order freeze level.

Any change is equated to a new market order and carried out according to the rules described above.

In case if an order is placed incorrectly the notice “Invalid Price” will be exposed to the Client.

According to the Terminal Manual:

**Buy Limit** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having fallen to a certain level, will increase;

**Buy Stop** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on increasing;

**Sell Limit** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having increased to a certain level, will fall;

**Sell Stop** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on falling;

**Buy Stop Limit** – this type is the combination of the two first types being a stop order for placing Buy Limit. As soon as the future Ask price reaches the value indicated in the order, a Buy Limit order will be placed at the level, specified in the order. The current price is lower than that, reaching which the pending order will be placed;

**Sell Stop Limit** – this type is a stop order for placing Sell Limit. As soon as the future Bid price reaches the value indicated in the order, a Sell Limit order will be placed at the level, specified in the order. The current price is higher than that, reaching which the pending order will be placed. The pending order price is higher than the price of its placing.

The Pending orders to Close any position always are adhered to the position or the Pending order. All the Pending orders to Close at once also are cancelled without the Client’s consent if and as soon as the corresponding Position has been closed, or the corresponding Pending Order has been canceled.

### **Stop Loss**

This order is used for minimizing of losses if the security price has started to move in an unprofitable direction. If the security price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order. The brokerage company can place them only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions, and it does with ASK price for short positions.

To automate Stop Loss order following the price, one can use Trailing Stop.

### **Take Profit**

Take Profit order is intended for gaining the profit when the security price has reached a certain level. Execution of this order results in closing of the position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions, and it does with ASK price for short positions.

Execution of any Pending order is carried out when (and if) the market price is equal to or crosses the price specified in the Order.

### **Accuracy of execution**

In cases of Instant Execution technology, pending orders are executed at the price specified in the order.

Any change in the Indicative Price (in case it differs from the Market price) means that Pending Order execution cannot be initiated.

In cases of Market Execution technology, pending orders are executed at the market price available at the moment of Order Execution. If the specified order price is not available on the market the order will be executed at the next best available price.

During the Extreme Market Situation the quotation becomes complicated due to the significant price change and in the some (exclusively seldom) cases in general becomes impossible for several minutes. In this case, once there is any availability to obtain the Market price, the Order shall be executed at such price. The given price can differ from the one originally placed in the order.

During the market closing (a break “for the night” on a session markets and in the round-the-clock markets – in the days off) execution of Pending orders is not possible.

A Pending Order that is an open order at the close of the trading session shall remain valid also in the next session.

### **Refusal to execute orders**

The company reserves the right to refuse the execution of an instruction for trading financial instruments if the Company has reasonable grounds to believe that the execution of the Client’s order may:

- effect the orderly function of the market;
- contributes to the laundering of illegal funds;
- affect in any manner the orderly function of the Trading Terminal.
- Contributes to market manipulation, fraudulent activity, voluntary or involuntary engagement by the client in arbitrage not related to market inefficiencies, including but not limited to latency and SWAP arbitrage

The Client accepts that the Company has the right to refuse the execution of an Order in cases described above.

## Submitting Orders by the phone

Order can be submitted via telephone services provided for this purpose. The Client should undergo an authorization procedure. The Account number (which has the same number as the contract) and the login (login into trading terminal) are required for this purpose. After authorization is confirmed the Client can submit Orders, change and delete Orders etc. The Sample of telephone transaction between the Client and the dealing desk of the Company is presented on the following pages.

Number of the phone : +442032906161

### Sample of telephone transaction

#### Authorization (Account number and login)

#### Order (opening position) <Instrument> <Volume>

Client	Dealing Desk
1. EUR/USD, 1 lot	1. 1.2975/ 80
2. Buy	2. EUR/USD, 1 lot, buy 1.2980, ok?
3. Ok	3. Position 234564

#### Order (position closing) <Number> <Instrument> <Volume>

Client	Dealing Desk
1. Position 234564, EUR/USD, 1 lot	1. 1.2990
2. Close	2. Position 234564, EUR/USD, 1 lot, close 1.2990, ok?
3. Ok	3. Closed

### Pending Order

<type of order> <instrument>< volume> <bid/offer> <price>

#### Dealing

#### Client

1. receive please, buy stop EUR/USD, 1 lot for 1.2975
2. Ok

#### Desk

1. buy stop, EUR/USD 1 lot for 1.2975. ok?
2. Order 274421

### Pending order change or deletion

order <order number > change price on <price> or  
order <order number > cancel

#### Client

1. order 274421 buy stop 1 lot, price 1,2975 change open price on 1,2965
2. Ok

#### Dealing Desk

- order 274421 buy stop EUR/USD, 1 lot,
1. change open price on 1,2965. Ok?
  2. Changed

The client is responsible for the accuracy of the transmitted instructions through telephone service. All instructions sent by phone have the same force as the Orders transmitted through the trading Terminal by means of the Internet and are carried out by the same rules.

## Authorization (identification)/recording

The Client shall use the login and passwords (master and investor password) which the Client received from the Company to login into the trading terminal. After the registration of the Trading account, before the funds are deposited, the Client is obliged to immediately change both master and the investor passwords. In case if the Client did not change the master password and the investor password immediately after the registration of the Trading account, the Company is not liable for the unauthorized withdrawal of the funds from the Trading Account and/or unauthorized Trading Operations. To authorize by telephone the Client uses a login or an account number. In case the Client passes his identification information (account number, passwords, login, etc.) to the third person, the responsibility for transaction execution on behalf of the Client and also all financial results of these Transactions shall be taken by the Client.

The Trading Terminal provides the recording mechanism of the Client and the Company actions („Journal“ tab in the Trading Terminal). During the telecommunication process the negotiations between the Client and the operator are saved on the magnetic carrier. The given recording mechanism gives an opportunity to solve disputable situations in case of their occurrence.

## Split

In case of the Open Position under the CFD-contract on shares, with the split made on the Client account the changes pass automatically to the terminal.

For example: the client buys AAA shares:

16.10.2004 – 1000 AAA shares were bought at 75.02.

23.10.2004 – split procedure with coefficient 1.70. The latest quote on 23.10.2004 – 76.07.

After the split: 16.10.2004 1700 shares of 44.13.  $75.02/1.70=44.13$  and  $1000*1.70 = 1700$  are bought. Thus, the amount of the margin does not change as well as the amount of the Equity and the income from the Transaction.

While Split there can be situations (as in the example) in which Open Position size won't be multiplied to one lot.

Such Position is served according to the Terms and Conditions, but can be closed only so that the Closed part of the Position was not less than one lot and (simultaneously) the remained part was multiplied to one lot. If it is not possible, the Position can be closed only entirely.

## **Futures**

While trading CFD on futures contracts you should remember that futures have their expiry dates.

Trading is possible only with the nearest term futures contracts. At the expiry of the contract, all open positions in CFD on futures, if not been closed by the Client before, go to the next term of the contract. Trading with CFD on futures contracts goes according to the rules described above.

## **Open position overnight rollover to the next day**

In case the Client has left Open Position overnight to the next trading day on any currency pair overnight swap will be charged or added from/to trading Account after trading session closing. Size of swaps is set according to Trading conditions.

In case the Client has left Open Position overnight to the next trading day on stocks or futures commission fee or dividend adjustment will be charged or added from/to trading Account after

CFD session closing. Size of commission fee or dividend adjustment is set according to the Trading conditions.

## **Inactive/ archived Accounts**

The client acknowledges and confirms that any trading account(s) held with the Company that are inactive for more than 90 consecutive calendar days are to be considered inactive accounts.

Inactivity means that the client has not completed the trader identification process through the trading terminal by successfully using a login and password.

The client acknowledges and confirms that any inactive account(s) will be subject to archiving which means that no trading terminal authorization, trading or balance viewing operations will be available to the client.

Once an Account is deemed inactive and is archived, any available trading bonuses shall be removed from the account.

Reactivation of inactive or archived account(s) is not possible. If there was a positive balance on the trading account before it was archived, the Client should open a new trading account in their Client Login and submit an instruction to transfer funds to the new account through the Questions section in their Client Login.

## **Changes**

The Company has the right to amend/change these Terms and Conditions at any given moment without any prior notice. The Client is advised to visit the Company's website on a regular basis and monitor possible amendments to any of Regulating Documents.

## Glossary

**Ask** – the price for buying a specific financial instrument.

**Bid** – the price for selling a specific financial instrument.

**Balance** – the value of the Client's account without Open positions.

**Equity** – all funds of the Trading Account which includes current P/L on all opened positions calculated at current market prices.

**Closed Position** – exposures in Foreign Currencies that no longer exist. The process to close a position is to sell or buy a certain amount of currency to offset an equal amount of the open position.

**Order** – an instruction to execute a trade at specified quote.

**Indicative prices (quote)** – the prices, delivered to the Client through the terminal or by telephone to inform a Client on a current market condition. Indicative prices are the prices on which transactions have already been lead by market participants and also the prices declared by such participants. It is important not to confuse them with the Market price. Change of the price (in case if it does not coincide with the Market price) cannot initiate Pending orders execution.

**Instant Execution** – executing Market orders without initial request for quotes by direct Client's instruction to Buy/Sell instrument at the price specified in the Market Order Window.

**Instrument** – currency pairs, CFD–contracts or other assets.

**Client** – a person who has entered into an agreement with the Company for services needed to trade financial instruments.

**Company** - Pelliron Universal Ltd

**Client Login** - web-interface allowing to use services provided by Pelliron Universal Ltd ., as well as a source of information. A Client Login contains personal confidential information that is available only for individual user and protected by authentication settings (login and password). Client Login is located at: <https://my.pelliron.com> as well as accessed through website of Pelliron Universal Ltd

**Lot** –means standard amount of Instrument which can be purchased/sold according to instructions.

**Margin/marginal requirements** – the required equity that an investor must deposit to collateralize a position.

**Initial Margin** – the minimum funds required to open Position.

**Required Margin** – funds required to maintain the total Open Position.

**Unable to quote** – please try later – a terminal window message telling Client's order was rejected. The order can be rejected in case of its submission without carrying out of transactions.

**Open Position** – means aggregate risk disclosure, arising from purchase or sell of lots in accordance with Client's instructions pending for subsequent counter-transaction to close/settle such market trades/disclosures. An active trade with corresponding unrealized P&L which has not been offset by an equal and opposite deal.

**Pending order** – an order which will be executed in the future and it is possible there will be a difference between the current price and the execution price in the future.

**Leverage** – ratio of the value of transaction and Initial Margin required for the transaction.

**Margin Call** – a request from a broker or dealer for additional funds or other collateral to guarantee performance on a position that has moved against the customer.

**Market Execution** – - Order technology used for executing market orders depending on the depth of the market. Under Market Execution there are no re-quotes and the order is executed at the best available price on the market at the time of execution.

**Slippage** – difference between the executed price of the Pending Order and placed price by the Client.

**Re-quote** - This occurs when the price requested by a Client is not available for execution of an order and the Company re-quotes the current available price to the Client for execution. The Client must explicitly agree to accept the re-quoted price, prior to execution. Re-quotes are the result of choosing Instant Execution.

**Terms and Conditions** – given rules.

**Market price** – the price at which the Company may execute the Client's Order to buy or sell an Instrument at the certain moment.

**Pips** – the smallest price change of any foreign currency.

**Free Margin/Available Funds** – means any cash in the Account which is not used in the Open Positions. It means the Initial Margin minus Margin (required Margin to open a Position).

**Trading operation** – operation of purchase or sale performed by a Client.

**System time** – time in a trading terminal.

**Spread** – the difference between the bid and ask prices. It can change depending on the market situation and is determined by the Company

**Floating Spread** – in case of Market Execution technology the spread is variable throughout the day, depending on market volatility and available liquidity. It may be narrow, however during high volatility it may widen considerably.

**Trading Account** – Client's account for marginal trading.

**Terminal** – a program, trading terminal provided by the Company. The terminal is used by the Client for placing Orders with the purpose of fulfillment of Transactions, for the analysis of the market situation, and also for recording operations.

**Price Changed** – a message in the terminal window telling the operation can be executed in view of Market conditions. Such situation takes place very seldom for example when there is an extreme situation on the market.

**Extreme market situation** – a certain trading situation in which it is impossible to execute orders. The reason can be low volume of transactions at the market, low liquidity, central bank intervention, the publication of important news and other events that lead to the absence of market prices for a certain period of time or to very rapid price changes.