

As you may be aware, ESMA (The European Securities and Markets Authority) has recently announced the introduction of certain measures in relation to the provision of CFDs, including FX, to retail clients.

At Tier1FX, we have always been dedicated to acting in our clients' best interest and to being a responsible and reliable partner.

For this reason, we welcome ESMA's decision in the hope that it will pave the way of a more consistent, harmonized regulation at a European level. This will offer fairer and safer trading environment for the retail client and where FX brokers, operating within equal regulatory frames, would have the freedom to focus more on quality and innovation.

Retail Clients

As a retail client, these measures will have a direct effect on your account with us and therefore it is important to carefully read the below information:

Measure: Leverage limits on the opening of a CFD by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying instrument:

- 30:1 for major currency pairs (pairs which include 2 of the following: EUR, USD, GBP, CAD, CHF, JPY)
- 20:1 for non-major currency pairs, gold and major indices; (major indices offered by Tier1FX are: UK100, FRA40, GER30, US30, US500, JPN225, AUS200, EUSTX50, NAS100)
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values; - not applicable to Tier1FX Clients
- 2:1 for cryptocurrencies.

Measure: A margin close out rule on a per account basis, at 50%.

This means that once the Equity on your account reaches 50% of the total margin requirement, the system will begin closing your open positions, starting from the one generating the highest loss.

For comparison, the current stopout level at Tier1FX is 100%.

Measure: Negative balance protection on a per account basis.

This measure signifies that Tier1FX shall not seek a compensation from you if your account incurs a negative balance.

It does not however relieve retail clients from the responsibility to continuously monitor their accounts and ensuring that the accounts are well-margined at all times.

In this regard, Tier1FX shall be entitled to take the necessary measures to prevent your account from going negative, especially in the event that it is overexposed.

Measure: A restriction on the incentives offered to trade CFDs. Tier1FX has never offered bonuses or other trading incentives, instead we have always preferred to focus on investing in high-quality services and trading infrastructure. In this respect, this measure would not have an impact on T1 clients.

Measure: A standardised risk warning, including the percentage of losses on a CFD provider's retail investor accounts. This message shall be published in due time on our website and other documents, as a part of our standard risk disclosure.

Measure: Prohibition on the marketing, distribution or sale of binary options to retail investors.

As Tier1FX does not offer binary options, this measure does not affect The measures should come into effect on Wednesday, 1st August 2018 however in order to ensure their smooth implementation and avoid disturbance in your trading, Tier1FX shall introduce them on Sunday, 29th July 2018, when the market is closed. They shall be initially valid for 3 months, unless extended or amended otherwise by ESMA.

We strongly recommend that you consider carefully the impact that these measures may have on your trading.

Non-Retail Clients

As a non-retail client, these measures will not directly affect you however the following may have an impact on your algorithm or other trading tools setup: In order to comply with the requirements, Tier1FX has introduced a new set of symbols, with suffix ".pro" (e.g. EURUSD.pro), dedicated to non-retail clients and not subject to tiered leverage.

We strongly recommend that you consider carefully the impact which the change in instruments' names may have on your trading. This includes, but is not limited to, programming of Expert Advisors, charting tools etc.

If you require further details or assistance, please reach out to our Support Team at support@tier1fx.com or directly to your personal T1 Account Manager.