What are the Restricted/Prohibited Trading Strategies?

Updated this week

FundedNext strictly prohibits any form of cheating or exploitation of the platform, as it goes against our Terms of Service (TOS) agreed upon during registration. Traders are urged to thoroughly read our Terms of Service and understand the following guidelines to prevent unintended consequences.

Abuse of the System means that trading styles that do not reflect real market trading are not allowed and will result in a breach of our Terms of Service without any warning. Strategies that produce risk-free, consistent profits exclusively on Challenge Accounts are strictly forbidden. Traders are expected to trade on their accounts as if they were FundedNext Accounts. Utilizing strategies that exploit Challenge Accounts will lead to the termination of a FundedNext Trader's Account, whether in the Challenge phase or while a FundedNext Account, "Pass Your Challenge", "Copy Trading Services" or "Signal Services" are also strictly prohibited, resulting in the denial of any FundedNext Accounts and a permanent ban from all FundedNext services.

Example Strategies That Violate Our Terms of Service:

High-Frequency Trading:
High-Frequency Trading (HFT) is a trading strategy characterized by the use of sophisticated expert advisors and high-speed telecommunication networks to execute an excessive number of trades within milliseconds to seconds. This strategy aims to capitalize on minuscule price fluctuations and exploit market inefficiencies. While HFT may seem enticing due to its potential for rapid profit generation, it poses significant risks and can have detrimental effects on the market.

Here's why HFT is restricted on the FundedNext platform:
HFT trading can distort market prices and create artificial demand or supply. By executing a large volume of trades within seconds, HFT traders can create false impressions of market

activity, influencing other participants' decisions and leading to market manipulation. Excessive trading volumes generated by high-frequency trading can disrupt market stability. The rapid influx and outflow of orders can create volatility, leading to erratic price fluctuations and increased market uncertainty, making it challenging for other traders to make informed decisions. Due to huge amounts of trades in a short period of time, the servers usually freeze and create consequences.

Note: If a trader receives a warning for hyperactivity and later engages in HFT (or vice versa), this may result in a more severe penalty, including account suspension. Warnings are cumulative, and the system may immediately suspend accounts in cases of extreme or repeated Hyperactivity or HFT that causes major strain on our servers.

Quick Strike Method:
The Quick Strike Method is an ultra-fast trading strategy where traders exploit the financial market by capitalizing on brief market movements through a high volume of trades, typically holding positions for a few seconds. Traders employing this strategy seek to exploit fleeting price fluctuations to secure small, immediate profits. Although the Quick Strike Method offers the potential for rapid financial gains, it also carries inherent risks.

While the allure of quick profits is enticing, the Quick Strike Method can exacerbate market volatility and contribute to artificial price movements. This heightened volatility may mislead other market participants, creating a distorted perception of market conditions. As a result, the Quick Strike Method poses challenges to maintaining platform integrity and fairness.

Here's why the Quick Strike Method is restricted on the FundedNext platform:
The Quick Strike Method is restricted on our platform due to its potential to disrupt market equilibrium and fairness. Characterized by rapid trading and ultra-short holding periods, it raises legal concerns due to its potential to manipulate markets, create unfair advantages, and undermine regulatory objectives. This strategy involves executing numerous trades in seconds, which can inflate trading volumes and mislead other traders, leading to volatile price fluctuations and market instability. In essence, while offering profit opportunities, its legality is questionable due to its potential adverse effects on market integrity and fairness.

Latency Trading:
Latency trading refers to the practice of executing trades based on delayed market data or exploiting delays in the execution of trades to secure guaranteed profits. At FundedNext, latency trading is strictly prohibited due to its unethical nature and violation of fair trading practices in the financial markets.

Example: Latency trading goes against the principles of fair and transparent trading. It undermines the integrity of the financial markets by introducing an element of unfairness and eroding trust among market participants. A latency trader identifies a delay in trade execution and takes advantage of the price discrepancy between the delayed trade execution and the current market price. They execute a large volume of trades within seconds to capitalize on the price difference, creating artificial buying or selling pressure and manipulating the market. By knowingly engaging in such practices, they compromise the fairness and transparency that underpin a healthy trading ecosystem.

Copy Trading From Others:
At FundedNext, copy trading is allowed between FundedNext Challenge Accounts, under specific guidelines to ensure fairness, transparency, and compliance with the platform's policies.

However, Copy-Trading between multiple accounts not owned by the same individual, including those of relatives, family members, or friends, is strictly prohibited.

To get more details regarding Copy-Trading, **click here**

Hedging or Group Hedging Across Various Accounts:
Hedging is a risk management strategy where a trader opens two opposite trades (buy and sell) on the same asset to reduce potential losses. For example, if the market moves against one trade, the other trade may gain, minimizing overall risk.

At FundedNext, hedging is allowed only within the same account. This means traders can place both buy and sell orders on the same asset within one account to hedge their positions.

What is Not Allowed?
Hedging across multiple accounts is prohibited. Trading behavior like taking risk of full or close to daily loss limit in one trade will be suspected as a multi-platform hedge with FundedNext. Doing so is not considered a genuine trading strategy and can result in account termination.

Example of Allowed Hedging: You buy 1 lot of EUR/USD on Account A and simultaneously sell 1 lot of EUR/USD on Account A to hedge the position. This is allowed within the same account.

Example of Prohibited Hedging: You buy 1 lot of EUR/USD on Account A and simultaneously sell 1 lot of EUR/USD on Account B to hedge the position across two accounts. This is not allowed at FundedNext.

Group Hedging Across Various Accounts:
Hedging or group hedging across multiple accounts involves opening multiple accounts and placing opposite direction trades on the same asset across those accounts. The aim of this approach is to reduce market risk by taking advantage of price fluctuations. However, this

strategy is not considered a legitimate trading practice and is prohibited as it does not reflect proper trading methodology.

Any form of Arbitrage Trading:
Arbitrage trading refers to the practice of exploiting price discrepancies or time lags across different markets or platforms to generate risk-free profits. At FundedNext, any form of arbitrage trading is strictly prohibited due to its unethical nature and potential to disrupt fair market conditions.

Example: Arbitrage trading can distort market prices and hinder the efficient allocation of resources. By capitalizing on price discrepancies, arbitrage traders can cause prices to deviate from their true fundamental values, creating inconsistencies in market pricing. A trader engages in statistical arbitrage by simultaneously buying and selling related instruments based on historical price patterns. Their trading activity distorts the market pricing of these instruments, creating misalignments between their perceived value and their actual worth. Also, Large-scale arbitrage activities can trigger rapid price movements, creating artificial market fluctuations and destabilizing the normal price discovery process.

Tick Scalping:
Tick scalping refers to a trading strategy where traders aim to profit from small price fluctuations by executing a high volume of trades within a short time frame. At FundedNext, limitations have been imposed on tick scalping as a result of its capacity for market manipulation and disruptive trading practices.

Example: A tick scalper uses automated trading algorithms to scalp ticks on instruments. By executing trades at lightning speed, they can exploit even the smallest price movements, effectively front-running other market participants and gaining an unfair advantage. The rapid influx of orders and subsequent cancellations can strain market liquidity, making it challenging for other traders to execute their trades at fair prices.

Grid Trading:
Grid trading is a strategy where a trader places multiple buy and sell orders at different price levels above and below the current market price. The goal is to profit from price fluctuations as the market moves up and down, hitting various price points.

Why is Grid Trading prohibited at FundedNext?
Grid trading is prohibited because it can lead to market manipulation and create artificial activity. It also increases risk, as a large market movement in one direction can trigger many losses simultaneously. This strategy is not in line with FundedNext's fair trading principles.

Example: A trader places multiple buy orders at $100, $105, and $110, and sell orders at $115, $120, and $125. If the market moves between these levels, the trader profits. However, if the market drops sharply below $100, all your buy orders will lose value, which can cause significant losses.

Gambling Behavior

Gambling Won't Sustain Long-Term

Gambling in trading is impulsive, chance-driven behavior without proper analysis or strategy. It relies on luck rather than skill, involving reckless actions like overleveraging and random trades. Unlike disciplined trading, gambling leads to unpredictable and unsustainable results. At FundedNext, we emphasize professionalism, planning, and risk management over such behavior.

All in One is a Gambling

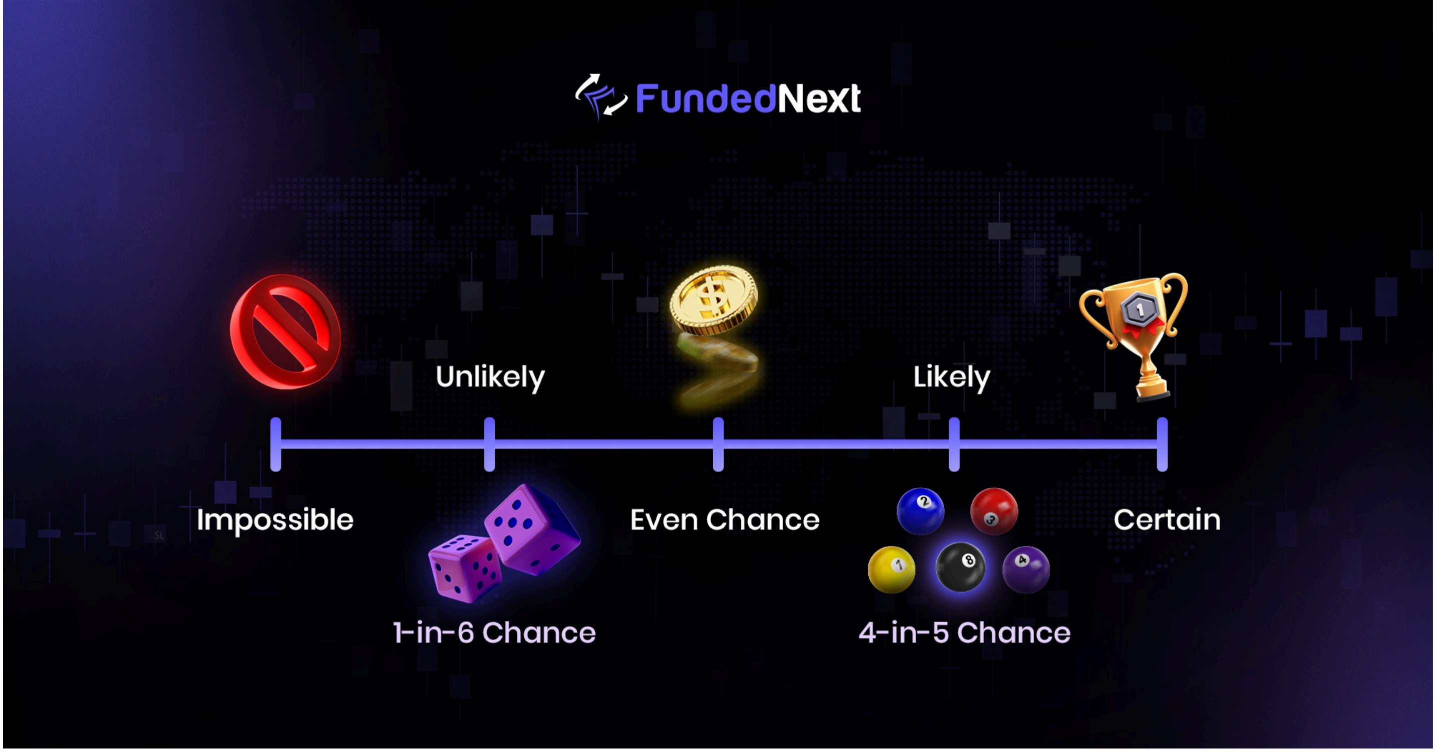
Trading behavior like taking the risk of the full or close to the daily loss limit on one or multiple trade(s) running at a time is one kind of gambling. Such trading behavior is not considered a genuine trading strategy and indicates a lack of proper risk management and It is considered one kind of gambling and doesn't sustain for a long time.

Why is Gambling Prohibited at FundedNext

Gambling undermines discipline, risk management, and consistent performance, posing financial risks to both traders and the firm. It violates the professional standards we uphold and disrupts the goal of sustainable trading success.

To maintain integrity, based on traders' activities, they may be subjected to various restrictions, such as reduced leverage, lot size limit, reduced margin utilization, imposing a 1% risk limit on all running trades of your initial balance, and account termination. Our goal is to make these Gambling traders a better trader and a better risk manager for a long time. If gambling continues after leverage reduction or if the 1% risk limit rule is ignored at any time, our system can flag the account, resulting in its termination and profit deduction of the violated trades.

Remember that professional traders typically risk 1% at a time or utilize 20% to 30% of their total margin, or both yet they manage to earn substantial profits safely and sustainably over the long term. We support skilled, responsible traders to ensure long-term growth. We are here to assist you in becoming a better trader and to help you transform your life positively.



Account Rolling:

Account rolling is a high-risk practice where multiple evaluation accounts are purchased in quick succession, with some accounts being intentionally sacrificed while focusing on passing others. This method relies on probability rather than skill, disregarding proper risk management and market analysis. It resembles gambling more than trading, as success is based on sheer luck rather than a structured strategy.

Why Account Rolling is Not Allowed at FundedNext

FundedNext is designed to support traders who demonstrate consistency, discipline, and long-term profitability. Account rolling undermines the integrity of the evaluation process by bypassing the core principles of responsible trading. The evaluation phase is meant to assess a trader's ability to manage risk effectively, not to test how many accounts can be rolled through aggressive, unsustainable tactics. Traders who engage in account rolling fail to showcase real trading proficiency, making it an unfair practice that goes against the foundation of a professional trading environment.

To maintain a fair and transparent system, account rolling is actively monitored, and violations may result in restrictions on purchasing new accounts or adjustments to the lifetime allocation limit. These measures ensure that only traders who genuinely develop and apply sound trading strategies can progress, reinforcing a platform built on skill, discipline, and sustainable success.

One-sided Betting:

One-sided betting is a risky trading strategy where a trader takes one or multiple positions in one direction—buying or selling—without considering market conditions or conducting the proper analysis. At FundedNext, one-sided betting is restricted due to its speculative nature and potential for significant losses. One-sided betting involves continuously selling or buying any instrument without considering fundamental news, economic indicators, or technical analysis that suggests a potential price increase or decrease. This lack of analysis increases the likelihood of entering trades with unfavorable risk-reward ratios.

Example: A trader includes opening 10 small positions or a large single position on the same or multiple assets, all on one side, making it a dangerous practice. This lack of diversification leaves them vulnerable to substantial losses if the instrument price unexpectedly declines.

Hyperactivity:
Hyperactivity in trading refers to an excessive level of trading activity by a trader, characterized by the frequent and rapid execution of trades within a short period of time. This also includes frequent modifications to orders, such as adjusting stop-loss or take-profit levels and updating limit orders.

Here's why hyperactivity is restricted on the FundedNext platform:
While trading is an essential aspect of our platform, excessive trading actions can lead to some challenges. The primary concern is the potential slowdown of the platform due to the overwhelming number of server messages/logs generated by numerous trades. This can result in delayed trade executions, which can be extremely frustrating for traders. In extreme cases, it might even freeze or crash the whole platform.

To ensure that all our traders have a smooth and reliable experience, we're taking measures to avoid hyperactivity. The industry defines an account as hyperactive if it surpasses 200 trades or 2,000 server messages in a single day. This count also includes messages associated with frequent modifications to orders, such as adjusting stop-loss or take-profit levels and updating limit orders.

Consequences of Exceeding the Limit:
The FundedNext team will issue the first warning to adjust trading strategies when an account exceeds 2,000 messages for the initial occurrence. Subsequently, a second warning will be sent should the account exceed this message limit once more. If an account reaches this limit for the third time, it will be considered hyperactive, and the account will be breached. Furthermore, if an account generates 15,000 messages in a day, the account will be forcefully disabled to prevent further strain on the system.

Please note that warnings are cumulative across accounts. This means that if you receive a first warning on one account and later engage in hyperactivity on another account, you will receive a second warning. If you’ve already received a second warning, any further occurrence of hyperactivity in any account will result in a third warning, leading to the account being breached.

Additionally, warnings may be skipped entirely if we detect excessive hyperactivity that causes significant strain on the server, leading to issues for other clients on our platform.

Note: If a trader receives a warning for hyperactivity and later engages in HFT (or vice versa), this may result in a more severe penalty, including account suspension. Warnings are cumulative, and the system may immediately suspend accounts in cases of extreme or repeated Hyperactivity or HFT that causes major strain on our servers.

Use of Platform or Data Freezing Due to Demo Server Errors:
The use of any unfair advantage, such as platform or data freezing due to demo server errors, is strictly prohibited. This ensures a level playing field for all traders and prevents misleading or deceiving practices. Traders found engaging in such behavior will be investigated, and appropriate actions, including the revocation of access to our demo servers, may be taken. In the event of server issues, traders are encouraged to report the problem to FundedNext's support team promptly.

Use of guarantee of profit during the low liquid market:
In accordance with FundedNext's commitment to maintaining market integrity and fairness, we have implemented restrictions on the use of a guarantee of profit during low-liquidity market conditions.

Low liquidity in financial markets, particularly during the transition from the U.S. to Asian sessions, presents heightened risks of market manipulation. Referred to colloquially as the "dead zone," this period is characterized by limited market depth and heightened vulnerability to deceptive trading practices.

The implementation of guaranteed adherence to trades during low-liquidity markets enables traders to potentially evade order executions that would occur under normal market conditions. This behavior undermines the authenticity of financial market operations and contravenes the principles of fair and transparent trading upheld by FundedNext.

Consequently, this type of trading activity violates FundedNext's Terms of Service.

Account Sharing/Device Sharing:
Account sharing refers to the unauthorized practice of sharing or reselling FundedNext accounts with other individuals or entities. Sharing devices with other traders is strictly prohibited, regardless of the relationship. This behavior violates FundedNext's Terms of Service and is strictly prohibited. A zero-tolerance stance towards account sharing or device sharing is maintained due to several reasons related to security, fairness, and compliance.

Related Articles

- Is it mandatory to use Stop-Loss (SL) for all trades?
- How does FundedNext ensure Fairness & Transparency in trading?
- Are there any restrictions on my trading strategy?
- Do you offer any calculators?
- What is the 1% Risk Limit Rule? Who and When Will It Be Implemented?

Did this answer your question?

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