

# Policy Against Gambling

The perception that financial market trading is akin to gambling is common among the general public. However, this belief is false and is reinforced by traders who engage in gambling-like behavior. To safeguard Traders and continue providing opportunities for responsible traders, measures must be taken to address these individuals.

Some traders may engage in high-risk behavior in pursuit of quick profits, but these actions often lead to a low likelihood of success. Financial markets are inherently high-risk, but it is important to distinguish between legitimate trading and gambling.

If Funded suspects that a trader is attempting to use our offerings for gambling purposes, we reserve the right to take steps to reduce the risk of their strategies, including reducing leverage or altering profit splits. These actions will only be taken after careful consideration by our risk management team and if the trader's behavior falls within certain prohibited categories.

## **Account Rolling**

Account rolling is a form of gambling that is commonly used among trading simulated accounts. In this practice, traders will acquire the maximum number of evaluation accounts available and attempt to complete them in a rolling style, where they sacrifice as many accounts as necessary to pass one. However, due to the limited number of accounts a trader can operate at the same time, this may lead to reckless and high-risk trades on one account, with the expectation that they can move on to the next if it fails.

Funded promotes a different approach. Our Scaling plan allows traders to retain their earnings as a scaling perk even after they withdraw, and also increases the overall drawdown by 1% with each payout, up to 14%. This encourages traders to adopt a more cautious and risk-managed approach.

## **All-Or-Nothing trading style**

Opening large positions consecutively, also known as "stacking," on a single instrument can be considered a form of gambling. Similarly, opening consecutive positions in profit or, in extreme cases, in loss can also be considered gambling. This behavior is particularly problematic when the initial position exceeds the limits of proper risk management.

While it is true that adding to a profitable trade can be a profitable strategy in the event of a strong trend, it is important to consider the long-term trend and whether the trader is confident in it. This is especially true when opening a position at a loss, as the desire to change the market's direction as positions grow can lead to unnecessary stress and potentially significant losses that can take a long time to recover from.

It is important to note that such behavior has little to do with serious trading. A true risk manager possesses certain characteristics, such as a consistent advantage in their strategy that they can use daily, month after month, and year after year.

Diversifying positions by trading multiple instruments or currency pairs can be a good risk management strategy, as it reduces the exposure to one specific instrument or currency. However, it is important to note that opening multiple positions on correlated instruments or currency pairs can still be a large overall bet. Scaling in or diluting positions is a common strategy, but it can also lead to over-leveraging if not managed effectively. Over-leveraging is a form of gambling that can lead to increased stress and mistakes, and it is important for traders to consider their Maximum Daily Loss objective. Trading large positions, whether opened as a single entry or gradually through additional trade reinforcements, can limit a trader's options and increase the risk of exceeding the Maximum Daily Loss limit if markets do not go their way. Therefore, it is crucial for traders to implement a solid risk and money management strategy, and consider options such as a 14-day extension or a free opportunity to repeat their evaluation when they are a few percent short of meeting profit requirements.

## **Group hedging**

Trading with opposite positions on our platform is strictly prohibited. Some traders may be exploiting the opportunities we provide by using strategies that are not aligned with our risk management approach. If it is found that a trader is participating in this type of activity, they will be permanently banned from trading on our platform. This type of strategy is not sustainable in the long-term and ultimately leads to losses. It usually involves taking the same level of risk on one side of a trade on one account and taking the same level of risk on the opposite side of a trade on a different account from a different user.

This inconsistency is eventually discovered by our team when reviewing the positions, and they are subsequently netted out. Traders do not benefit from engaging in this type of strategy because it is not possible on real trading accounts and it is not the type of behavior we condone.

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