ICE FX

Investment system

Components of the investment service of the Company.

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ICE FX
Investment Technology

Unique combination of PAMM, LAMM and MAM technologies.

Disadvantages of existing investment technologies

PAMM-technology

1. There is no option to invest in a trader at any moment. Even if such option exists, it causes several other issues, which are described below;
2. Movement of investors' capital can affect trader's activity:
   - Decrease of return if AUM (Assets Under Management) grows;
   - Increase of drawdown if AUM decreases.
3. An investor can't place manual orders (in case if he wants to interfere into the trading and implement his own risk management).

MAM-technology

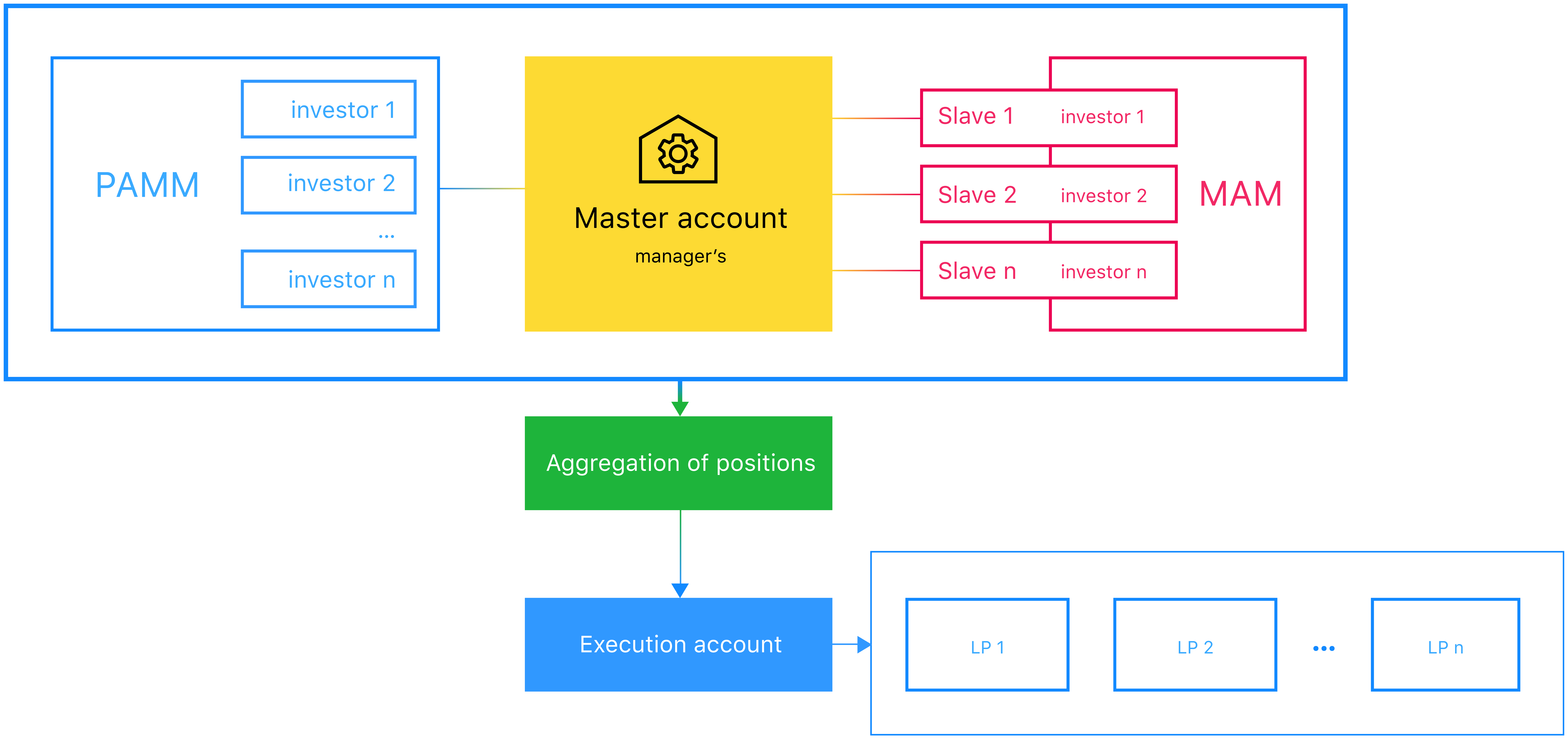
1. A manager has to adjust size of new positions if AUM changes;
2. Open positions won't be executed on the account when an investor joins the MAM;
3. Impossible to withdraw funds partially (only full investment can be withdrawn);
4. An investment can't be less, than the manager requires to meet his risk management criteria, mainly because MT4 minimal lot size is 0.01.

Copy signals

1. Difference in execution. Trades are executed on each account (investor's and manager's) separately which leads to different execution of orders and final results;
2. Investment can't be less, than manager requires to meet his risk management criteria, mainly because MT4 minimal lot size is 0.01.

ICE FX Investment Technology

ICE FX has taken the best of the three major investment technologies, and harmoniously combined it into its own investment technology of Managed accounts.



Mechanics of the process

1

The minimum deposit is determined for each Managed account for the possibility of correct copying (MAM).

2

An aggregated account is created for each Managed account, which uses PAMM model.

3

investor chooses the investment method: PAMM (aggregated account) or MAM (individual investment account).

4

The manager trades on an individual Master account, and trades from it are copied both to a single PAMM, and to investors' individual Slave accounts.

5

Before the execution of trades on a counterparty side, the positions of the Master account, PAMM and MAM are aggregated on the "Executive account". It ensures execution at a single price without discrepancy of results between the manager and investors.

Advantages of ICE FX Managed accounts

Master account

The manager trades on a separate account, so his activity is independent from investors' actions and auto-adjustment mechanism. Trading on a Managed account is absolutely identical to trading on his Personal account.

- Manager's independence from investors' deposits and withdrawals.
- Manager's independence from auto-adjustment mechanism.
- There is no need to adjust positions manually or to refuse adjusting of volumes at all.

Auto-adjustment mechanism

Any transfers of investors' capital do not distort trading results of the account, since the trading volumes in the accounts of investors are automatically adjusted. Regardless of the open positions at the moment when investors join or leave, the results for any investor depend only on the time he was connected to the account, in other words from the moment of joining and leaving.

- The process of investors' joining or leaving the account doesn't distort the performance of the account for other investors.
- If investor joins the account with open positions, the results of these positions will be placed on his account.
- The manager doesn't need to adjust the volume of trades manually, due to the increase of investors' capital.

Execution at a single price

Trades from a Master account, PAMM and MAM components are aggregated on an executive account before the execution on a counterparty. When an aggregated position is closing, the result is distributed between the manager and investors in the proportion to the funds in the Managed account.

Synchronization of the result of open positions

If there are open positions on the account at the time of investing, they will be copied to the investor's account and the investor will receive the results of these positions according to the moment of joining and leaving the investment. In the majority of investment systems, an entry at the moment of open positions leads to a discrepancy between the results of the manager's and investors' accounts, or copying of open positions at the time of entry to the investor's account does not happen at all.

Flexible investment

In the case of investing through MAM-model, the investor is able to join and leave the Managed account at any time without waiting for Roll-over.

Opportunity to invest from $10

Due to PAMM-component, investor has an opportunity to start investing from the minimum amounts – starting from $10.

Comparison of Managed accounts with other main investment technologies

	PAMM	Copy services	MAM	Managed accounts
Manager’s activity is independent from investors’ actions and auto-adjustment mechanism	–	+	–	+
Manager doesn’t need to adjust the volume of trades manually, due to the increase of investors' capital	Limited	+	–	+
The process of investors’ joining or leaving the investment doesn’t distort the performance of the accounts for other investors	–	+	+	+
Single execution price for the manager and investors	+	–	+	+
The accuracy of copying manager’s positions to investors’ accounts doesn’t depend on the investment amount	+	–	+	+
Opportunity for the investor to join or leave the investment at any moment	–	+	Limited	Limited

	PAMM	Copy services	MAM	Managed accounts
General settings of risk management	+	+	+	+
Individual settings of risk management	–	+	+	Limited
Opportunity of joining the investment in the case of open positions without discrepancies of the result	Limited	+	–	+
Opportunity of investing smaller funds than necessary for copying trades of the manager, not less than 0.01 lot	+	–	–	Limited
Opportunity of a partial withdrawal of capital at the moment of having open trades, without discrepancies of the result	+	–	–	+
No discrepancy between investors profits, in the case that it is impossible to open a trade on the investor's account with a multiple of 0.01 lot	Limited	–	–	Limited

Risk management

Protection for investors and managers’ control.

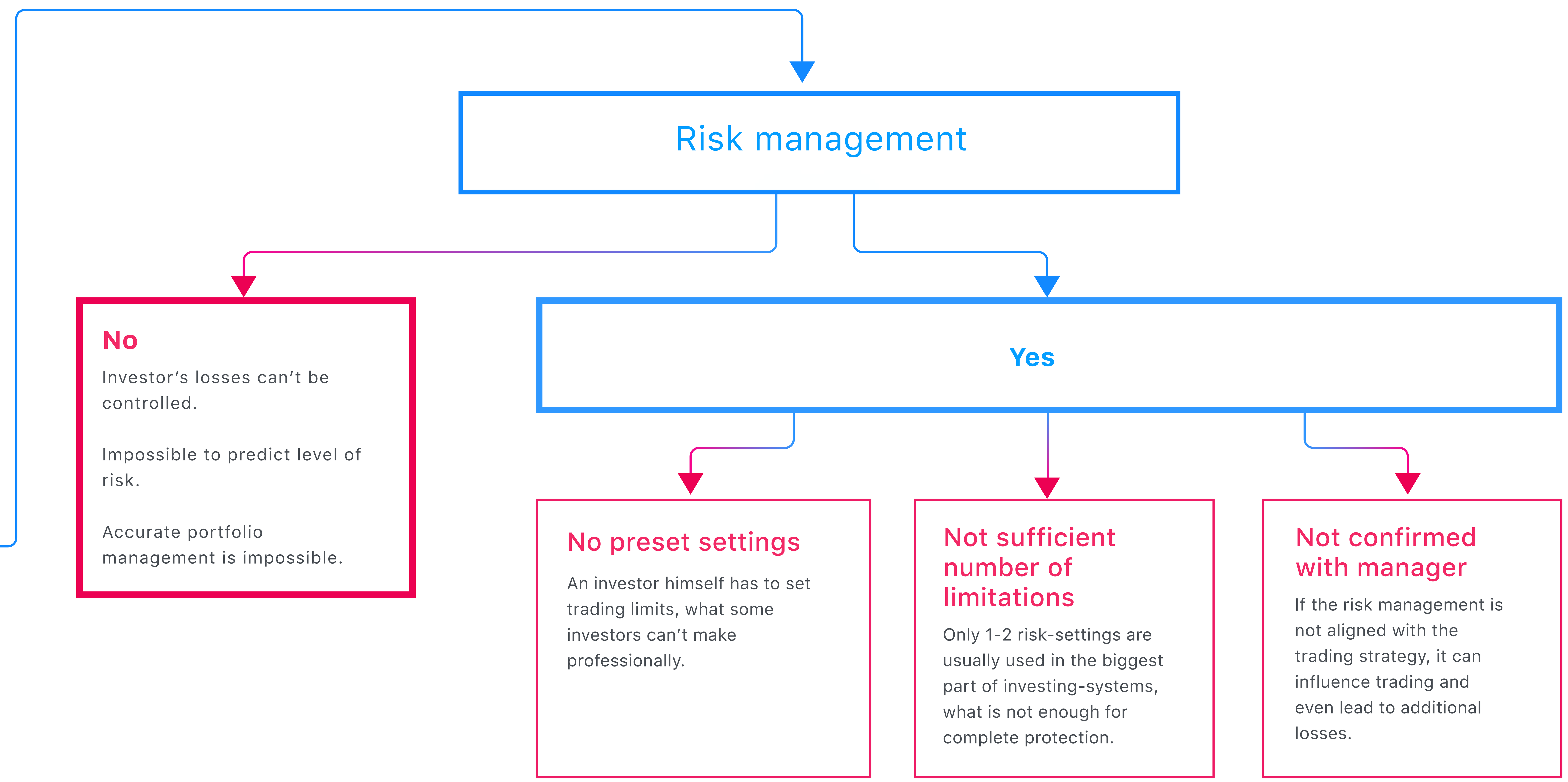
The Company developed a unique risk management system, which protects investors from extraordinary losses and additionally controls managers, lifts psychological pressure from them.

Disadvantages of existing risk management systems

Description of the issue

In the wide range of companies, there is no risk management at all. In that case an investor can’t control losses. It becomes impossible to make an accurate portfolio management and the whole process of investment becomes pure gambling.

Even systems with the risk management, usually have at least one of the following disadvantages:



Types of limitations

Max DD limitation (%)

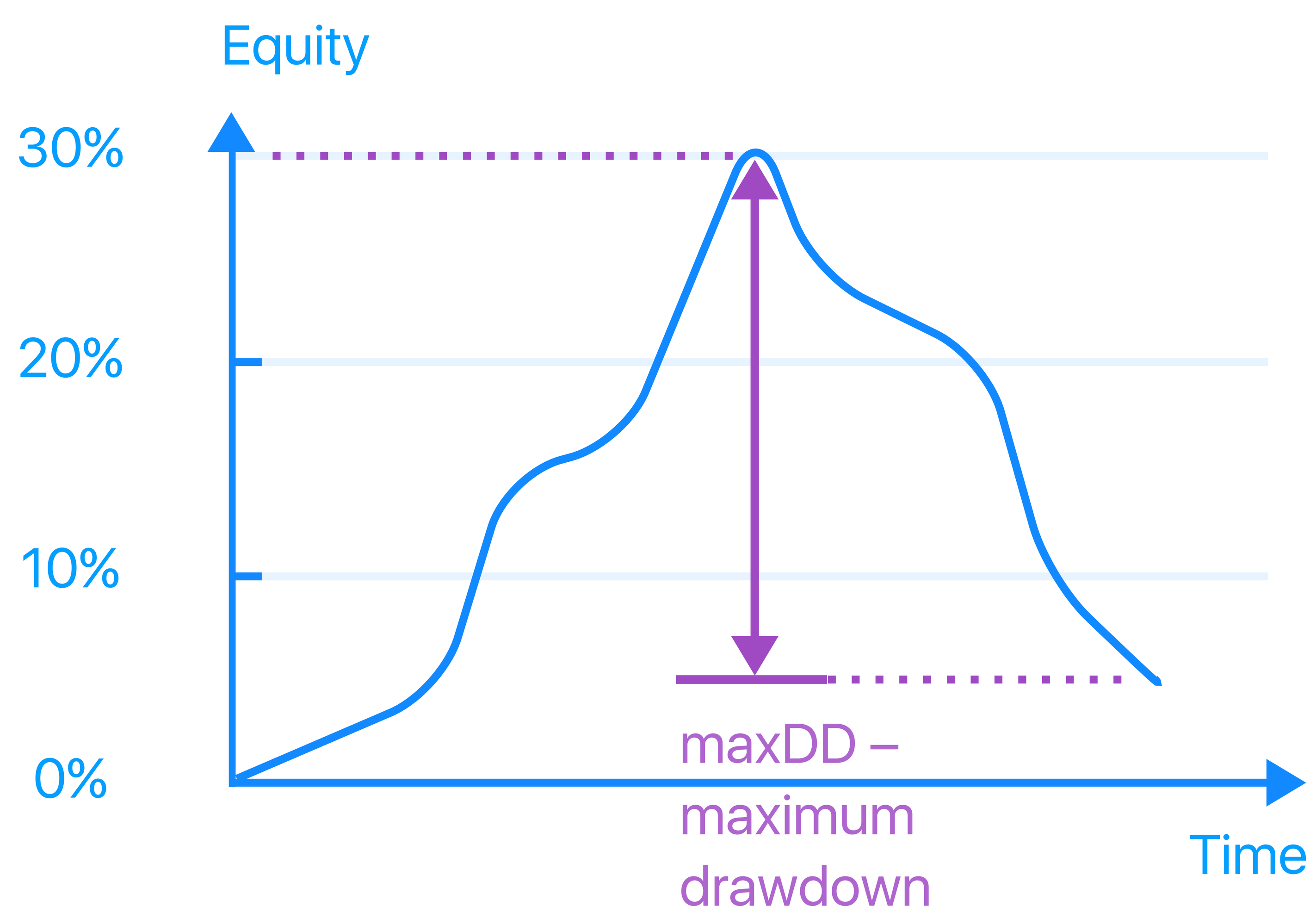
It is calculated from the max reached Equity value, after this limitation was applied. If equity on the account gets to the level of max DD limitation, this limitation will be triggered. The best example of this limitation - is the mechanism of Trailing Stop in MT4. Max DD limitation is calculated as percentage of deposit (%).

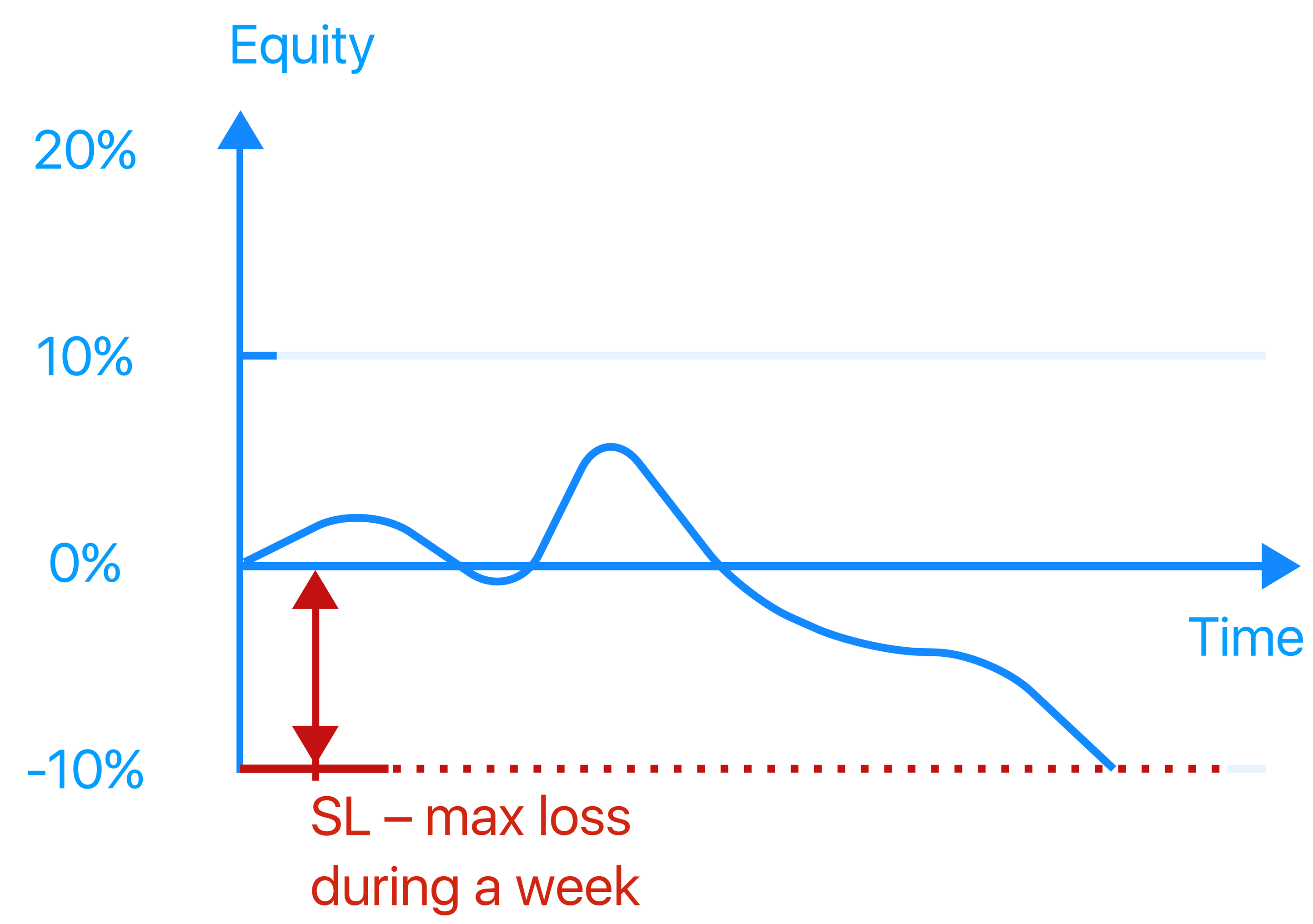
Weekly loss limit (%)

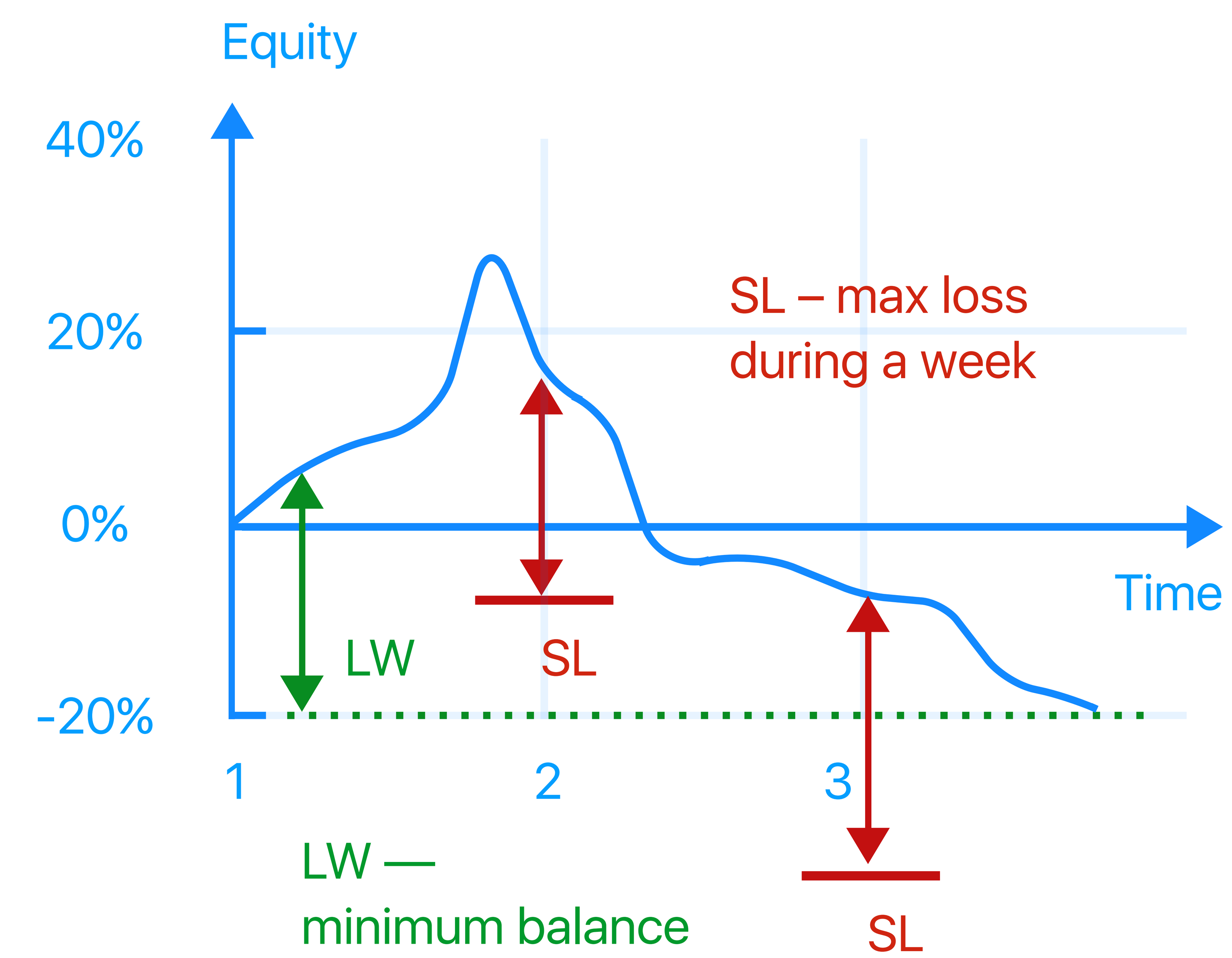
It limits max loss per trading week, which is calculated of the equity value at the beginning of the week. This value does not depend on the increase of the equity during this period. (For comparison “max DD limitation” calculates drawdown from the max reached equity). Weekly loss limit is calculated as percentage of deposit (%).

Limitation of min balance on the account (USD)

Certain amount on the account triggers this limitation. When the limitation is triggered – trading on the account will be stopped. Limitation of min balance on the account is calculated as amount of the deposit (USD).







Max leverage limitation

Manager can’t change and choose bigger leverage, than it was set by risk manager.

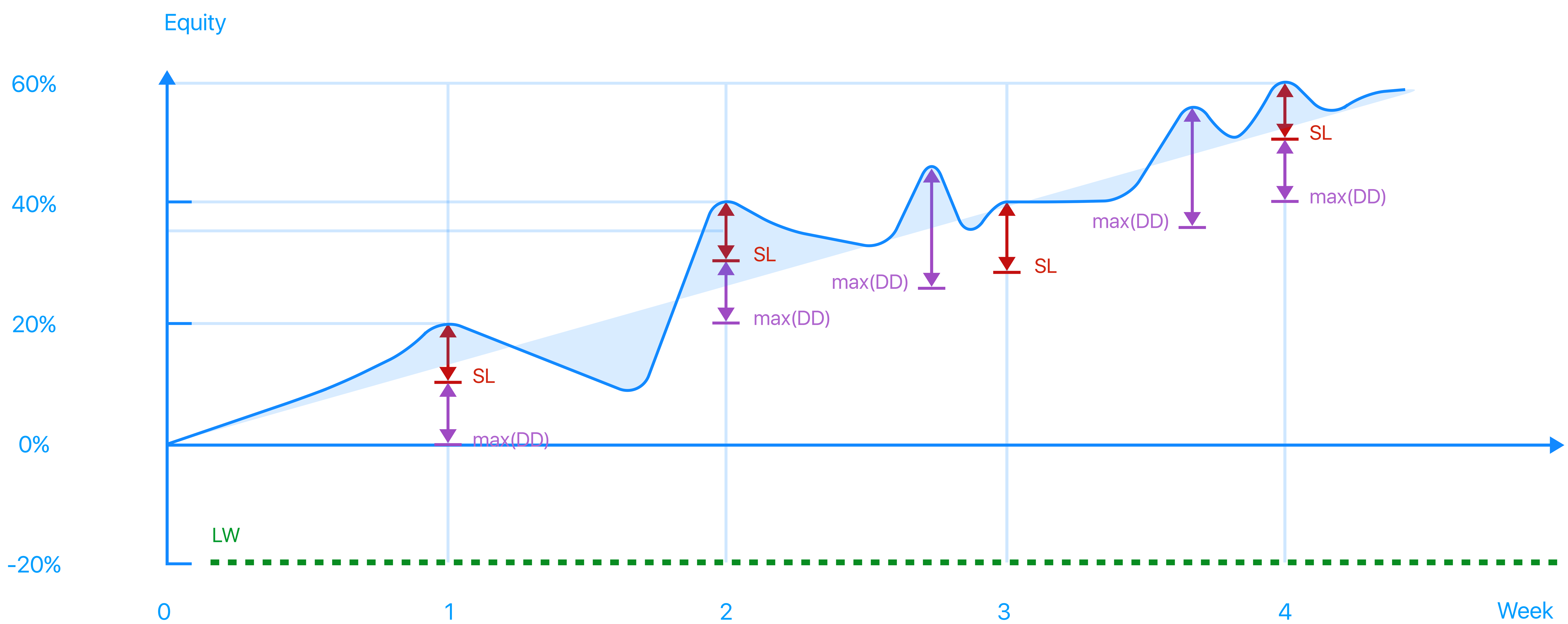
Daily loss limit

This limitation is analogue to «weekly loss limit». It limits max losses per day, which is calculated of the equity value at the beginning of the week. This value does not depend on the increase of the equity during this period. (For comparison, “max DD limitation” calculates drawdown from the max reached equity). Daily loss limit is calculated as percentage of deposit (%).

All calculations are based on equity values.

If any of the limit conditions is met (stop-loss trigger) – all trades on the investor's account will be forcibly closed by market prices and trading on the investor’s account will be stopped.

Risk management mechanism for investor



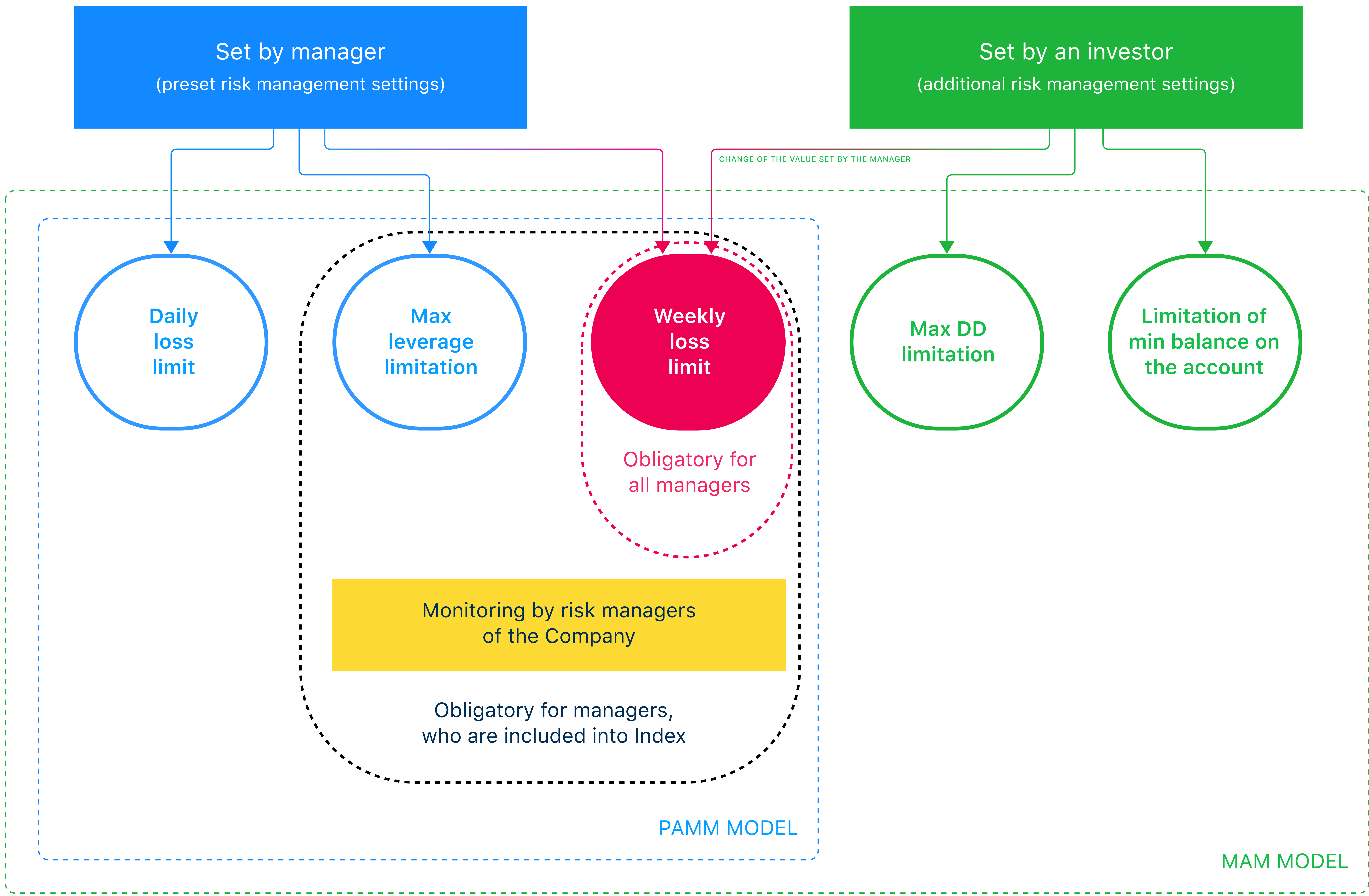
$1000	Equity	**SL (10%)**	Weekly loss limit (%)
max(DD) (20%)	Max DD limitation (%)	**LW (800 USD)**	Minimum balance

Features of limitations functioning

	Type of the limitation	Benchmark	Condition of the limitation trigger	Time when trading can be resumed (not earlier)	Time when change of the limitation gets into effect
Limitation is set by the manager	Daily loss limit	Equity on the account at 00:05 (EET) current trading day	Decrease of Equity on the account (in %) by the size of the limitation	00:05 (EET) next trading day	00:05 (EET) Monday the week after the current week (the soonest weekly rollover + 1 week)
	Max leverage limitation				00:05 (EET) Monday the week after the current week (the soonest weekly rollover + 1 week)
Limitation is set by the manager and can be changed by an investor	Weekly loss limit	Equity on the account at 00:05 (EET) Monday, current week.	Decrease of Equity on the account (in %) by the size of the limitation	00:05 (EET) Monday next week	**Change is initiated by the manager: 00:05 (EET) Monday the week after the current week (the soonest weekly rollover + 1 week)** **Change is initiated by investor: 00:05 (EET) Monday next week**
Limitation is set by an investor	Max DD limitation (unlimited on time)	Max Equity value after applying/adjusting limitation level	Decrease of Equity on the account (in %) by the size of the limitation	00:05 (EET) Monday next week	00:05 (EET) Monday next week
	Limitation of min balance on the account (unlimited on time)		Decrease of Equity on the account (in the currency of the account) by the size of the limitation	Only after account deposit or changing level of the limitation	00:05 (EET) Monday next week

ICE FX risk management matrix

Graphic presentation of the risk management system functioning.


Set by manager
(preset risk management settings)
Set by an investor
(additional risk management settings)
CHANGE OF THE VALUE SET BY THE MANAGER
Daily loss limit
Max leverage limitation
Weekly loss limit
Obligatory for all managers
Max DD limitation
Limitation of min balance on the account
Monitoring by risk managers of the Company
Obligatory for managers, who are included into Index
PAMM MODEL
MAM MODEL

Advantages

For manager

Limitations are confirmed by the manager (for managers who are included into Index)
All obligatory limitations are confirmed with the manager so they won't negatively affect his trading activity. In the majority of investment systems restrictions are imposed by an investor without confirmation with managers and their trading system, which leads to losses.

Setting of obligatory restrictions for the manager (for managers, who are not included into Index)
All obligatory restrictions are set by managers themselves, based on their risk management. In the majority of investment systems restrictions are imposed by an investor without confirmation with managers and their trading system, which leads to losses.

Removing the psychological pressure from managers
The manager can't change risk management parameters by his request directly in the process of trading, what makes him protected from making mistakes, under strong emotional pressure.

For investor

Risk management settings are already set (obligatory part of the risk management)
An investor is not required to understand portfolio-management and configure risk management settings manually. The Company, by the agreement with managers (for those who are included into Index) or by traders themselves (for those who are not included in Index), set obligatory risk management limitations, that allow an investor to be confident, that his losses will not exceed the specified value.

Additional risk management settings
Some investors have extended experience and knowledge in portfolio management, so those investors can adjust the limits of parameters of the risk management at their own discretion.

The risk management system is independent from traders' activity
The manager can't change risk management settings at any moment without confirming them with the Company. Such approach protects an investor from losing more funds, than it was set. Parameters can be changed only after confirmation with the Company and obligatory notification of all investors of that Managed account. It is done with the aim to provide an opportunity to exit the Managed account, before changes come into force.

More accurate portfolio management
Due to the max loss limitation, an investor can make accurate calculations of the manager's share in the portfolio and total risk.

Multiplication

Extending functionality of investment system.

Investor can choose between several accounts with different risk of each manager.
manager doesn’t need to control each additional copy of account.

Description of the issue

In the majority of investment systems the manager must control the trading process on each of his accounts manually, even if it relates to the one trading system, but with different level of risk. The manager is forced to choose the level of trading risk. This choice is “blind”, because the manager doesn’t know what the majority of investors prefer. Therefore the majority of investment companies doesn’t offer an investor the choice of risk. This deprives an investor of his freedom in portfolio creation and even forces to abandon investing in several types of investment systems, that don’t fit within the parameters of the current portfolio.

The inflexibility of investment systems poses enormous challenges for both managers and investors.
And, ultimately, for the investment companies.

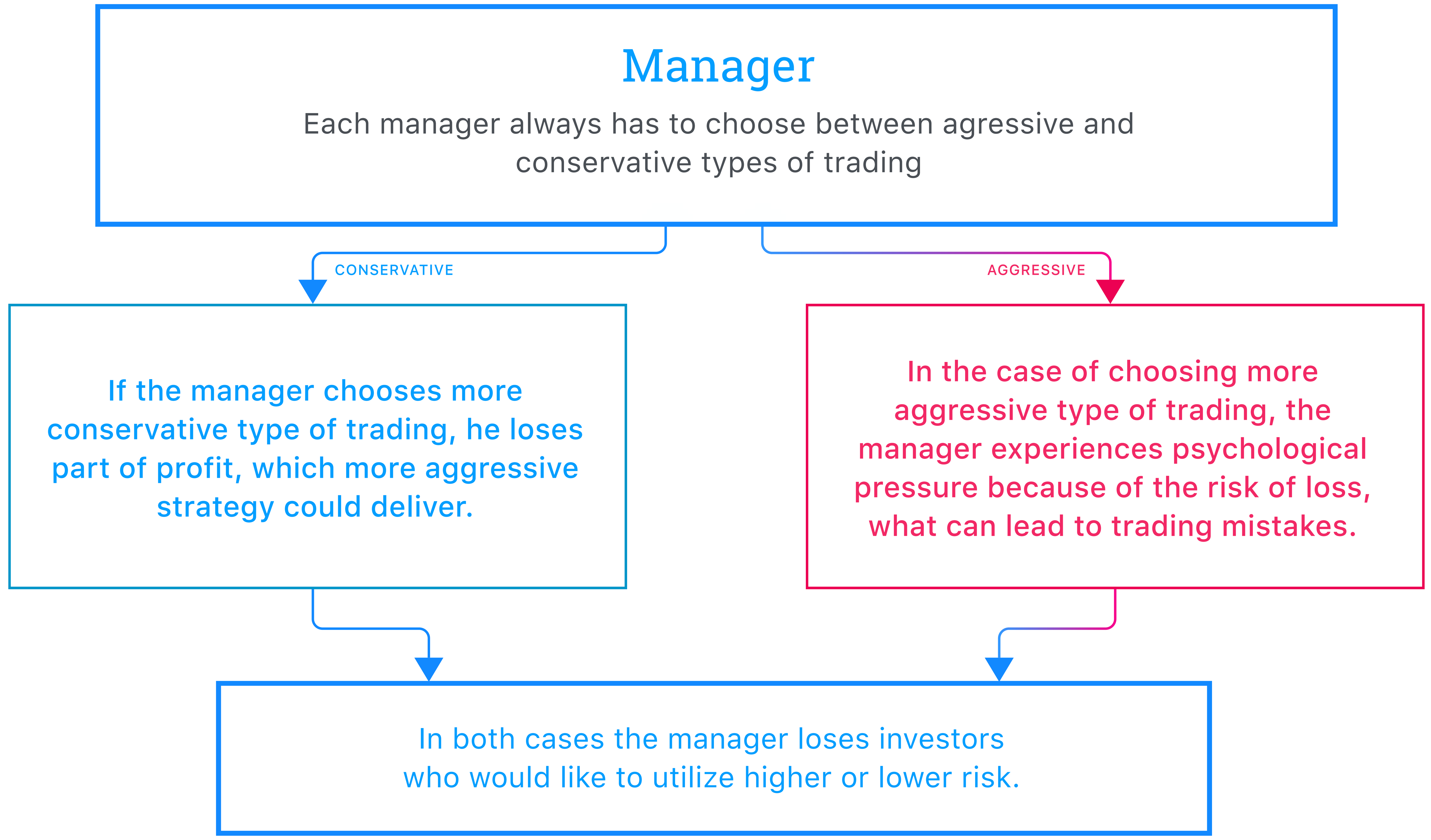
Investor

An investor doesn't have a choice of the risk, which will be implemented on his account, what leads to the following inconveniences:

1. An investor can't choose risk level of the strategy, what makes it impossible to add the strategy into a portfolio, if risks are not balanced between strategies. An investor is forced to refuse to invest in the chosen trading strategy, as not to violate the balance of the portfolio;

2. Portfolio management becomes very complicated, due to the limited risk options of the strategies and their volatility (one strategy is characterized of 10% weekly volatility and max DD 15%, while other weekly volatility 30% and max DD 80%);

3. Strategies with small risk, force an investor to keep additional capital, which is not used in the trading activity. This part of the capital doesn't bring profit neither to investor (no additional income) nor to broker (doesn't participate in trading).



The manager can partially solve this issue by trading several accounts with different risk simultaneously. Control of trading on different accounts becomes more complicated and can lead to mistakes and losses.

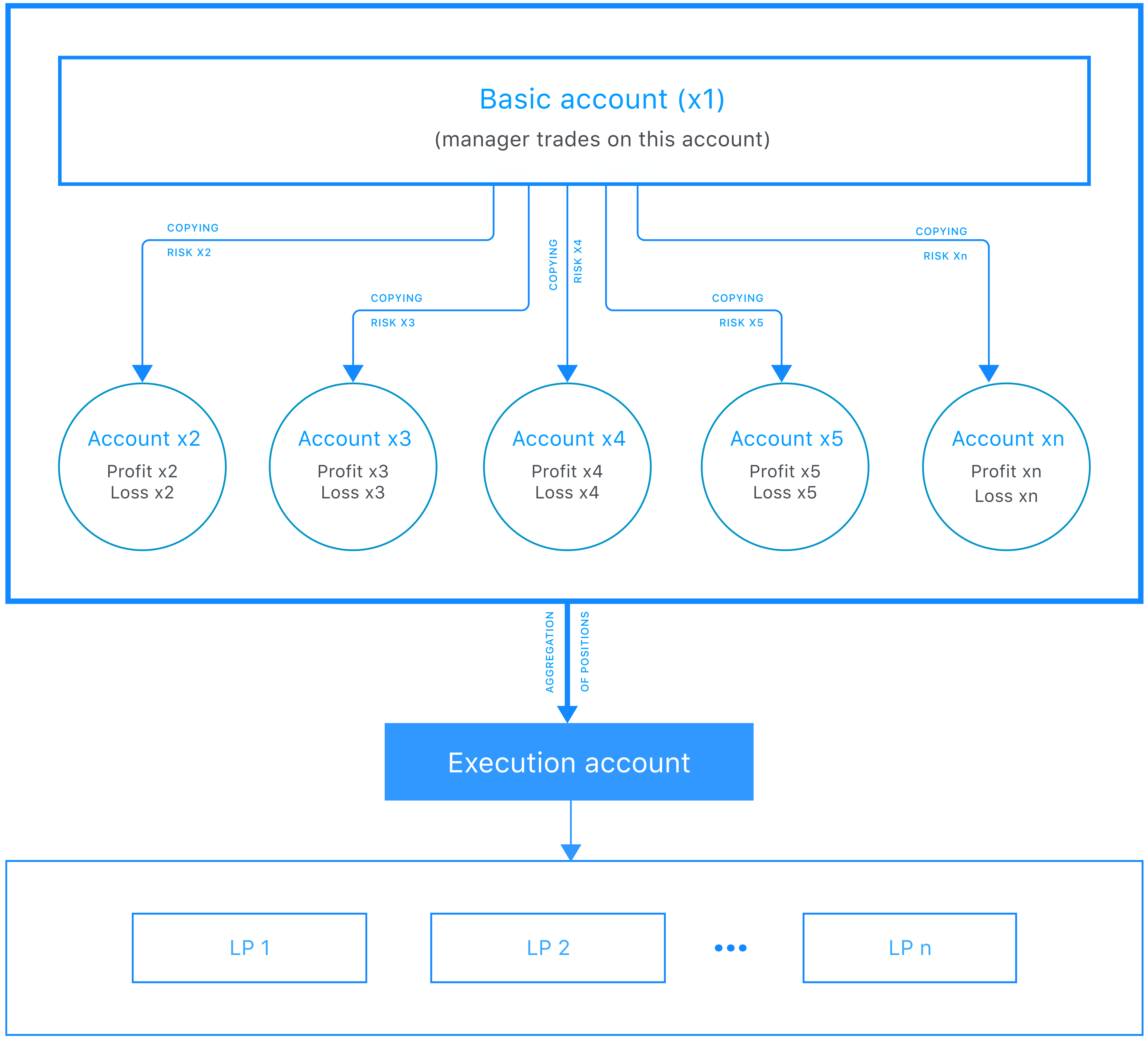
If the manager uses several accounts there will be difference in the execution, therefore investors will have different trading results.

Solution from ICE FX

Several accounts are created for the manager: “basic account” and “multi-copies”. Risk on the multi-copies is based on the coefficient of multiplication. Profits and losses on those multi accounts have the same multi-coefficient.

Orders from basic account are copied to the "multi-copies" by the means of proprietary software. Trading lots are adjusted proportionally to the coefficient of account's "multi-copy”.

All trades from basic and "multi-copies" accounts are aggregated, before being sent to a liquidity provider. It gives execution of all trades at the single price, therefore there is no discrepancy in trading results on different accounts.



Example of Managed account multiplication

Below you can find an example how different parameters of Managed account and it multi-copies change:

	Multiplier of the Managed account					
	Basic (*1)	***2**	***3**	***4**	***5**	***n**
Risk per trade, %	2%	4%	6%	8%	10%	2%*n
Return (for the week), %	X (%)	2X (%)	3X (%)	4X (%)	5X (%)	n*X(%)
Max loss for the period, %	5%	10%	15%	20%	25%	5%*n
Max leverage	1:10	1:20	1:30	1:40	1:50	1:10*n

Risk standardization

For the convenience of investors and managers, the maximum interval risk is standardized for all managers on "basic" accounts in the range of 5-10% per week.

Based on the trading system of the manager, the risk per trade is set for the manager. Interval drawdowns shouldn’t exceed the set value with this risk. The specified loss limitation (the level of "maximum loss per week") is controlled by the Company's risk management system, to which the manager does not have access.

Managed account #1			Managed account #2	
Multiplicator	Max loss (per week)		Multiplicator	Max loss (per week)
1	5-10%	=	1	5-10%
2	10-20%	=	2	10-20%
3	15-30%	=	3	15-30%
4	20-40%	=	4	20-40%
5	25-50%	=	5	25-50%

Managed account #1			Managed account #2	
Multiplicator	Max loss (per week)		Multiplicator	Max loss (per week)
1	5-10%	≠	1	10-20%
2	10-20%	≠	2	20-40%
3	15-30%	≠	3	30-60%
4	20-40%	≠	4	40-80%
5	25-50%	≠	5	50-100%

Standardization of risks allows:

1. Not to be confused in clarifying the risk of each manager and his multi-accounts (they all have the same gradation / multiplicity);

2. To run more accurate calculation of portfolio risks (a fixed level of "maximum loss per week"), which does not go against the indicators of the trading system of the manager (it means, that the restriction is set in such a way as not to "interrupt" the manager's trading, but at the same time "protects" investors and the manager from rare "upthrusts", force majeure, etc.).

Advantages

For manager

The manager can work simultaneously with different types of investors
The manager provides opportunity to invest in accounts with different risk-reward levels.

No need to control several accounts with different risk levels
The manager trades only one account with agreed risk. Trades are allocated automatically on "multi-copies" accounts.

One execution price on all accounts
Trades are executed on all accounts at the single price. It can't be reached if the trader manages several accounts manually – in that case trading results on his and investors' accounts will differ.

For investor

Reduction of non-trading risks for the investor
Thanks to the availability of multiplication, investors have the opportunity to invest less capital with the same result in absolute values.

Opportunity to invest smaller capital into more aggressive options of the strategy with the same return
Strategies with small risk, force investor to keep additional capital, which is not used in trading activity. This part of the capital doesn't bring profit neither to investor (no additional income) nor to broker (doesn't participate in trading).

Opportunity to choose any trading strategy with appropriate risk level
An investor doesn't have limited number of strategies, where he can allocate his funds, because he can invest in the strategy with different risk-level.

Opportunity to create more diversified and balanced investment portfolios
The effect of multiplication affords to invest in different strategies with smaller capital, what helps to make the portfolio more diversified.

Accurate risk control due to the standardized risk on the basic account
Max weekly loss on the basic account is usually set at 5-10%, and on "multi-copies" accounts according to the multiplication coefficient.

Indexes

Complete investment portfolios for investors.

Index creating consists of several steps

Due diligence (managers selection)

The Company thoroughly selects and tests all managers who are included into the portfolio products of the Company. Each trader is individually reviewed and analyzed.
The Company doesn't support an idea that managers can be selected by some set of statistical parameters. This approach is commonly implemented in the wide range of companies.
It is impossible to group the huge variety of trading systems, risk management and money-management approaches into some boundaries.

Complete analysis of the trading system

Analysis of the trading idea, which is used in the strategy to understand the potential of delivering profits in the future;

Analysis of how the manager implements rules of his trading strategy;

Analysis of the risk and money management;

Statistical analysis of past performance;

Analysis of how trading results correlate with trading conditions;

Analysis of how the strategy can be scaled to bigger investments.

Statistical analyses

Track record is more than "n" months;

Return is more than "n" %;

Maximal DD is less, than "n"%;

Etc...

Risk standardization

All managers who passed the due diligence procedure are standardized to the level of maximum risk per trading period (maximum loss during trading week). It is usually set to max weekly loss of 5-10%. This value can fluctuate from 5 to 10% depending on the performance of the trading strategy.

The risk standardization improves accuracy of risk calculations and helps to make portfolios more balanced.

	Weekly DD	Risk per trade
Acc. 1	5-10%	1-3%
Acc. 2	5-10%	1-3%
Acc. 3	5-10%	1-3%
...		
Acc. n	5-10%	1-3%

	Weekly DD	Risk per trade
Acc. 1	5-10%	1-3%
Acc. 2	50-80%	10-15%
Acc. 3	20-30%	4-6%
...		
Acc. n	30-50%	7-10%

You can find more detailed explanation of the standardization in the Multiplication chapter.

Index formation

1. Risk is the most important parameter for all calculations. It is used for defining possible losses, which is essential for any investor, in comparison with the limit of possible returns;

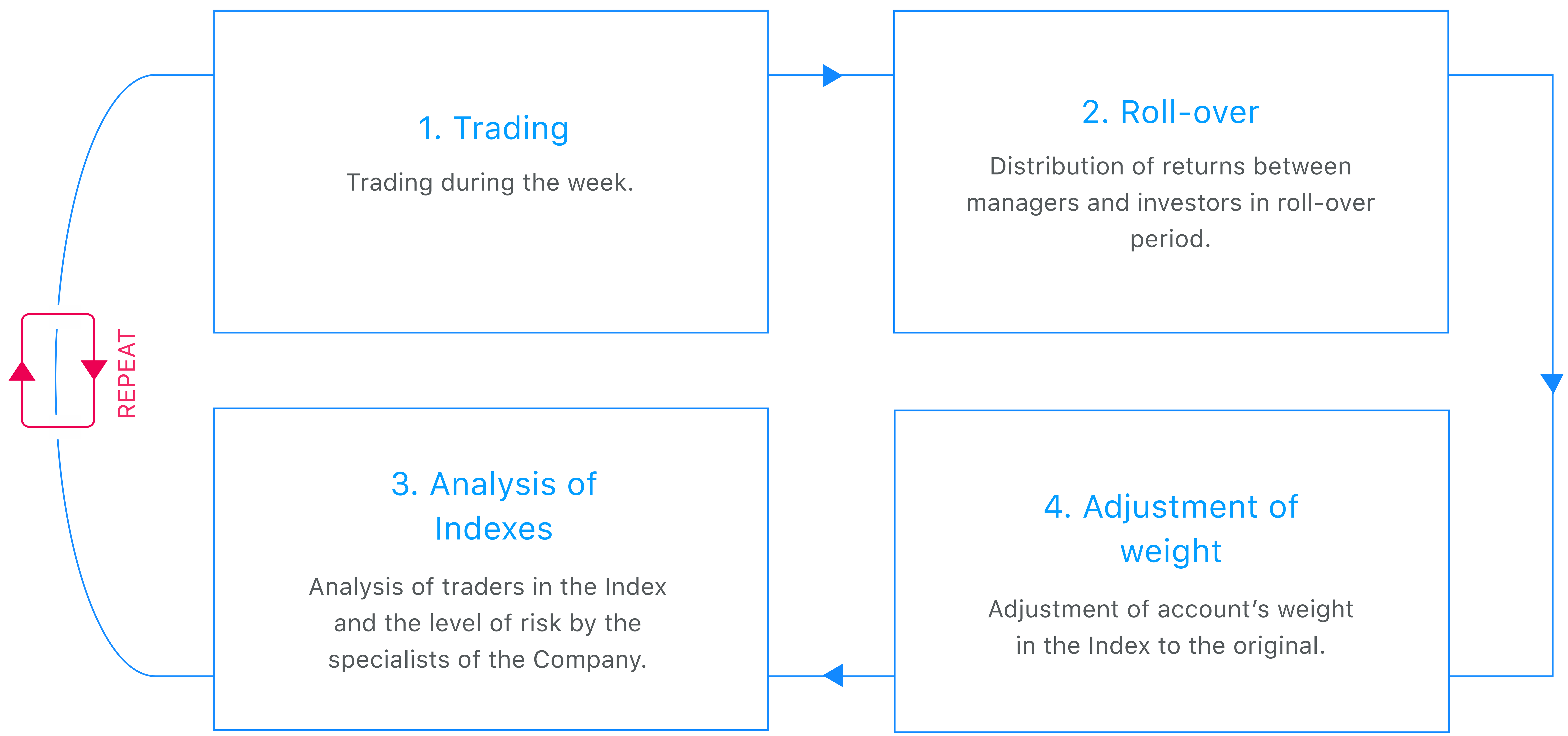
2. Each account should have equal weight in the portfolio and affect it in the same way. It means that can't be a case when one manager makes loss comparatively bigger than other traders, and brings the whole portfolio down;

3. The risk standardization makes it easier to prepare portfolios by the parameters above. With the help of it:
   - No need to individually calculate weight of each manager in the portfolio, because the risk and volatility of accounts, with the same multiplication level (basic account, "multi-copy" account *2..), are adjusted to the equal level;
   - A balanced portfolio can be created by simply including accounts with the equal level of multiplication and weight into it.

Manager in Index	Weekly DD	Average volatility of weekly returns	Weight of the account in the Index
Acc. 1	5-10%	5%	25%
Acc. 2	5-10%	5%	25%
Acc. 3	5-10%	5%	25%
Acc. 4	5-10%	5%	25%

Manager in Index	Weekly DD	Average volatility of weekly returns	Weight of the account in the Index
Acc. 1	5-10%	5%	10%
Acc. 2	5-10%	5%	60%
Acc. 3	5-10%	5%	15%
Acc. 4	5-10%	5%	15%

Index algorithm



Index risk management

Risk management of Managed accounts

The risk management of separate Managed accounts included into Index.

The risk management is obligatory for all Managed accounts included into Index.

All the risk management parameters of any Managed account are coordinated with the trader, in order to avoid interference into trading.

+

The limitation of the Index loss (%)

Additional limitation of the losses for the whole Index, which works separately from the risk management of Managed accounts.

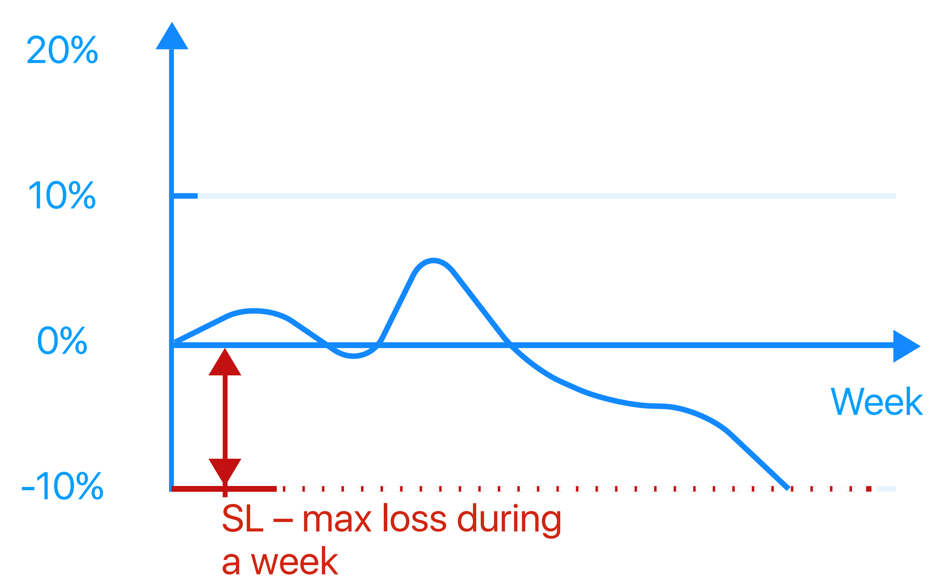
Limit of maximum Index loss per week (in percentage).

The level of limitation is set by managers of the Company and can be reviewed, depending on the Index returns.

Limit of losses per week (%)

It limits max loss per trading week, which is calculated of the equity value at the beginning of the week. This value does not depend on the increase of the equity during this period.

Weekly loss limit is calculated as percentage of deposit (%).



The risk manager of the Company controls trading activity

The risk manager of the Company can stop or adjust trading of managers who are in the Index.

Limit of max leverage

Leverage for Managed accounts, included into the Index is forcibly limited.

Multiplication

Manager Index x1

Manager in Index	Max weeky DD	Risk per trade	Weight of the account in the Index	Limit of Index losses
Acc.1	5-10%	1-3%	25%	x%
Acc.2	5-10%	1-3%	25%	
Acc.3	5-10%	1-3%	25%	
Acc.4	5-10%	1-3%	25%	

Index x2

Manager in Index	Max weeky DD	Risk per trade	Weight of the account in the Index	Limit of Index losses
Acc.1 *2	10-20%	2-6%	25%	2x%
Acc.2 *2	10-20%	2-6%	25%	
Acc.3 *2	10-20%	2-6%	25%	
Acc.4 *2	10-20%	2-6%	25%	

Index x3

Manager in Index	Max weeky DD	Risk per trade	Weight of the account in the Index	Limit of Index losses
Acc.1 *3	15-30%	3-9%	25%	3x%
Acc.2 *3	15-30%	3-9%	25%	
Acc.3 *3	15-30%	3-9%	25%	
Acc.4 *3	15-30%	3-9%	25%	

...

Index xn

Manager in Index	Max weeky DD	Risk per trade	Weight of the account in the Index	Limit of Index losses
Acc.1*n	(5-10%)*n	(1-3%)*n	25%	nx%
Acc.2*n	(5-10%)*n	(1-3%)*n	25%	
Acc.3*n	(5-10%)*n	(1-3%)*n	25%	
Acc.4*n	(5-10%)*n	(1-3%)*n	25%	

1. Each Index has a multi-copy. The same logic as with a separate account is applied;
2. Multi-Index is combined of accounts with the same multiplication-coefficient;
3. Multiplication coefficient of Index and accounts which are included in it are equal;
4. Due to the standardization, parameters of the Index are growing as a multiple of the multiplication coefficient.

Types of Indexes

Currently the Company offers 3 Indexes, which are prepared by different logic:

iPro

This Index is the most conservative from all available in the Company. Trading algorithms, which support those strategies, will exist as long as the market operates. They are classic trend systems, SWING-trading, breakout strategies and trading the inertia of the price after strong news releases.

This strategy completely excludes such things as:

- Averaging without limit of loss;
- Martingale;
- Increasing of stop-loss level (keeping losing trades for a long period of time);
- And other techniques of risk increasing.

Advantages:

- Combination of strategies with long track record and high potential of delivering in the future;
- Decreased risk of losses;
- Excludes toxic money management approaches (martingale, averaging etc).

Disadvantages:

- Comparatively low ROI (return on investment);
- High chance of strategies to deliver zero ROI for almost one year.

iComposite

This is combination of iPRO and iMAIN Indexes. This Index is combined of all traders from Index iPRO and iMAIN, with specific weights in it, which are dynamically changing based on the set of traders in them.

Therefore, iCOMPOSITE combines best features and specific characteristic of them and has the best diversification between trading strategies and instruments.

Advantages:

- Combination of strategies with long track record and high potential of delivering in the future;
- Risk and return are well balanced;
- Maximum diversification between strategies and trading instruments.

Disadvantages:

- Slight presence of risk increasing techniques (addition to losing positions);
- High chance of strategies to deliver zero ROI for almost one year.

iMain

This Index is more aggressive than iPro. Qualification of traders for this Index doesn't significantly differ from the same process in Index iPRO, besides more aggressive money-management.

This strategy completely excludes such things as:

- Averaging without limit of loss;
- Martingale.

Slight risk increasing techniques can be done and are allowed. They are as follows:

- Adding trades into the profitable direction (If price goes into the direction of take profit – trader will add additional trades into that direction);
- Additional trades can be placed if price moves in the direction of stop loss, but with clear stop loss level for the whole set of trades.

Advantages:

- Combination of strategies with long track record and high potential of delivering in the future;
- Risk and return are well balanced;
- Excludes toxic money management approaches (martingale, averaging etc).

Disadvantages:

- Slight presence of risk increasing techniques (addition to losing positions).

ICE FX

2017

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