Anti-Arbitrage & Toxic Flow Policy

SANDAI INVESTMENT CO., LTD.

This policy outlines strict measures to prevent and prohibit toxic flow activities, particularly those facilitated by Expert Advisors (EAs), automated trading systems, or algorithms that exploit latency, price feed discrepancies, or other technical inefficiencies. As a broker committed to fair and transparent trading, **SANDAI INVESTMENT CO., LTD.** does not permit any form of arbitrage that undermines market integrity or exploits system delays. This includes, but is not limited to, latency arbitrage, triangular arbitrage, or statistical arbitrage executed via EAs. Violations of this policy may result in immediate account actions without prior notice.

1. Definitions

- **Arbitrage**: Any trading strategy that seeks to profit from price discrepancies between markets, instruments, or data feeds without assuming market risk. This includes exploiting temporary inefficiencies caused by internet connectivity delays, price feed errors, or differences in execution speeds.
- **Toxic Arbitrage:** Arbitrage opportunities that are followed by permanent, rather than temporary, changes in exchange rates, often indicating an informed trader is exploiting a structural weakness.
- **Latency Arbitrage**: A specific form of arbitrage where traders, often using EAs or high-frequency trading (HFT) tools, capitalize on delays in price updates between a fast external data feed and the broker's platform. This may involve collocated servers, virtual private servers (VPS), or specialized software to execute trades before price corrections occur.
- **Market Impact/Predatory Flow**: Hitting multiple liquidity venues simultaneously to exploit outdated top-of-book prices.
- **Expert Advisor (EA)**: Automated scripts, robots, or algorithms (e.g., on MetaTrader 4/5 platforms) designed to execute trades based on predefined conditions, including those that detect and exploit arbitrage opportunities.
- **Rebate Churning (Commission Churning):** A trading activity characterized by executing a high volume of trades, typically with minimal or no net market exposure, primarily to generate commission rebates, cashback, volume-based bonuses, or other promotional rewards. This practice involves trading not for legitimate speculative or investment purposes, but to exploit the broker's reward programs for guaranteed, asymmetric gain. Rebate churning is considered a form of toxic order flow and an abuse of promotional terms.

SANDAI INVESTMENT CO., LTD. recognizes that such practices can disrupt liquidity, increase operational risks, and disadvantage other traders. We employ advanced detection mechanisms to identify and mitigate these activities.

2. Prohibited Practices

The following activities are strictly prohibited on all **SANDAI INVESTMENT CO., LTD.** platforms and accounts:

- Use of EAs, bots, or automated systems to engage in latency arbitrage by comparing our price feeds against faster external sources (e.g., via APIs, third-party data providers, or collocated servers).
- Exploitation of price latency, slippage, or execution delays for profit, including strategies that involve rapid order placement during volatile periods or news events.
- Any form of "feed arbitrage" where trades are based on stale or delayed quotes not reflective of real-time market rates.
- Masking arbitrage activities through techniques such as phantom drift, order splitting, or randomized trade patterns to evade detection.
- Use of third-party plugins, software, or VPS setups optimized for sub-millisecond latencies (e.g., under 5ms) solely for arbitrage purposes.
- Cross-broker arbitrage involving **SANDAI INVESTMENT CO., LTD.** accounts in conjunction with other platforms to exploit price lags.
- **Rebate, Bonus, or Promotion Abuse:** Engaging in trading strategies primarily designed to qualify for, accumulate, or withdraw deposit bonuses, cashback rewards, or volume-based commissions without assuming legitimate market risk.
- **Exploitation of Promotional Terms:** Manipulating trading behavior to meet the technical requirements of a promotion (e.g., lot volume, number of trades) while voiding its spirit, such as by entering and immediately exiting positions or trading during illiquid periods to avoid market movement.

Traders must ensure that any EAs or automated strategies comply with fair trading principles. **SANDAI INVESTMENT CO., LTD.** does not allow hedging, scalping, or HFT if they incorporate arbitrage elements. If an EA is suspected of arbitrage, it must be disabled immediately upon request.

3. Detection and Monitoring

To enforce this policy, **SANDAI INVESTMENT CO., LTD.** implements the following measures:

- **Real-Time Monitoring**: All trades are monitored for suspicious patterns, including unusually low drawdowns, high win rates on short-duration trades, frequent executions during latency-prone periods (e.g., high volatility), or correlations with external fast feeds.
- **Anti-Arbitrage Technology**: We utilize plugins, algorithms, and AI-driven systems (e.g., from MetaQuotes or proprietary tools) to detect anomalies such as rapid trade clusters, identical patterns across accounts, or executions faster than standard latency thresholds.
- **Execution Delays and Smoothing**: To prevent exploitation, we may impose minimum holding periods for trades (e.g., 1-5 seconds), randomized execution delays, or price averaging functions that smooth fluctuations.
- **Account Audits**: Regular reviews of trading history, IP addresses, VPS usage, and device fingerprints to identify coordinated arbitrage attempts.

- **Collaboration with Regulators**: We report suspected violations to relevant authorities (e.g., LP(s)) and cooperate with industry efforts to weed out latency arbitrage.

If detection systems flag activity, **SANDAI INVESTMENT CO., LTD.** reserves the right to investigate without notifying the account holder.

4. Consequences of Violations

Violations will be addressed at **SANDAI INVESTMENT CO., LTD.**'s sole discretion, with no obligation to provide evidence or prior warning. Possible actions include:

- Immediate revocation or reversal of profitable trades derived from arbitrage.
- Cancellation of pending orders and closure of open positions.
- Deduction of any profits deemed illegitimate from the account balance.
- Temporary suspension or permanent closure of the trading account.
- Forfeiture of bonuses, promotions, or referral rewards.
- Reporting to regulatory bodies, which may lead to legal action or blacklisting.
- In cases of repeated or severe abuse, pursuit of damages for operational costs incurred.

Accounts linked to the same individual or entity (e.g., via shared IP or funding sources) may also be affected.

5. Trader Responsibilities and Indemnification

By opening an account or executing trades with **SANDAI INVESTMENT CO., LTD.**, you agree:

- To refrain from all prohibited practices outlined above.
- That **SANDAI INVESTMENT CO., LTD.** is not liable for any losses arising from policy enforcement, including trade reversals or account restrictions.
- To indemnify and hold harmless **SANDAI INVESTMENT CO., LTD.**, its affiliates, directors, employees, and agents from any liabilities, losses, damages, costs, or expenses (including legal fees) resulting from your arbitrage activities, unless proven to arise from our gross negligence, fraud, or willful default.

6. Promotions & Bonus Terms

- **General Conditions:** Exploitation of Promotional Terms: Manipulating trading behavior to meet the technical requirements of a promotion (e.g., lot volume, number of trades) while voiding its spirit, such as by entering and immediately exiting positions or trading during illiquid periods to avoid market movement.
- **Integration with Anti-Abuse Policy:** Participation in any promotion is subject to the full terms of this Anti-Arbitrage & Toxic Flow Policy. Any trading activity determined by SANDAI INVESTMENT CO., LTD. to constitute arbitrage, Toxic flow, or rebate churning, as defined herein, will render the participant ineligible for the promotion and subject to the consequences in Section 4

- **Rights to Amend or Cancel:** SANDAI INVESTMENT CO., LTD. reserves the unqualified right to amend the terms of, or cancel entirety, any promotion or rebate program for any participant or group of participants, at any time and without prior notice, particularly in cases of suspected abuse.

This policy is incorporated into our Terms of Service and may be updated without notice. Traders are responsible for reviewing it regularly. If you have questions about compliant EA usage, contact support prior to implementation.