TRADE CAPITAL

UK

LEVERAGE AND MARGIN POLICY

TRADE CAPITAL UK (TCUK) LTD

Contents

1. INTRODUCTION

Trade Capital UK (TCUK) Ltd (referred to as "we", "us", "our", "ours", "ourselves" and "the Company") has established a Leverage and Margin Policy ("the "Policy") which applies to all its clients.

The purpose of this Policy is to set out the leverage practices of the Company in order to increase investor protection and inform clients that they should maintain the Minimum Margin Requirement on their Open Positions at all times in order to avoid close out.

2. SCOPE & APPLICABILITY

The Policy applies to all Retail and Professional clients who are speculating on the short-term movements in the price of CFD's which are complex products, and it may be difficult for a majority of them to understand the risk involved. This is reflected in the requirement to assess appropriateness as part of the account opening process. We adopted a robust process to assess the knowledge and experience of retail clients and potential retail clients, to check whether they understand the risks involved and to determine whether the Company's products are appropriate for them.

3. OUR COMMITMENT

Treating Clients fairly is central to our corporate culture and ethos.

We have a duty to act honestly, fairly, professionally and in the best interests of our clients when dealing withthem.

In relation to Leverage and Margin, we are required:

i. To set leverage levels that reflect your knowledge and experience in trading in complex financial instruments like CFDs given that trading with leverage and margin is a key characteristic of trading in CFDs;

ii. To have regard to our duty to treat you fairly by avoiding aggressive leverage practices towards you;

iii. To have regard to the underlying performance fundamentals of the financial instrument on which the CFDis based, including historic volatility, depth of market [liquidity and trading volumes], market capitalization of the issuer and country of issuer of the underlying financial instrument, our ability to hedge market riskand the general political and economic environment. We adjust and calibrate the above variables in determining the leverage levels we offer for asset classes or financial instruments.

iv. Given that we effectively provide the leverage for which you trade, to have regard to our own risk management appetite and risk bearing capacity and to have in place policies, procedures and practices tomanage our (primarily) market risk emanating from such leverage and margin trading by our clients;

v. To apply regulatory requirements and caps as set by the FCA, ESMA or any other regulator in any jurisdiction we offer our services to.

4. LEVERAGE TRADING AND MARGIN – KEY TERMS

4.1. LEVERAGE

"Leverage" is the ratio of the transaction size to the actual investment used for margin. Leverage allows a client to trade without putting up the full amount. Instead, a margin amount is required. For example, 30:1 leverage, also known as 3.33% margin requirement, means $3,333 of equity is required to purchase an order worth $100,000. Leverage increases both upside and downside to risk as the account is now that much more sensitive to price movements.

Leverage acts as a modifier on an account. Not only does it enhance potential profits, but it also enhances potential losses (losses can never exceed the funds on your account); it is for nearly all intents and purposes like trading with a much larger account.

Example:

If the leverage is 30:1 and the client has $1,000 in his account, it means that he can open trades worth $30,000.

Asset class	Examples of financial instruments in specific asset class	Leverage Ratios	
		Retail Clients	Professional Clients
Major Forex Pairs	EUR/USD, USD/CAD, GBP/USD	30	Up to 300
Minor Forex Pairs	EUR/GBP, GBP/CAD, GBP/CHF	20	Up to 300
Exotic Forex Pairs	USD/RON, USD/SGD, EUR/SEK	20	Up to 300
Gold	XAU/USD, Gold	20	Up to 200
Major Indices	USA30, US500, USTECH100	20	Up to 200
Minor Indices	Italy40, Spain35, Amsterdam25	10	Up to 100
Metals	Platinum, Copper, XPD/USD	10	Up to 100
Energies	USOIL, Brent Oil, Natural Gas	10	Up to 100
Agricultural	Corn, Wheat, Cotton	10	Up to 100
Bonds	Gilt10Y, GER10YBond	10	Up to 100
ETFs	ARKK, DTEC, IGOV	5	Up to 10
Equities	Tesla, Apple, Amazon	5	Up to 10

For more information on clients profiles please refer to our Client Categorisation Policy.

4.2. SPREAD

A spread is the difference between the bid (sell) price and the ask (buy) price for a specific trade. It is therefore your cost of opening and closing a specific position and it could have a significant impact on the profitability of your trades.

Volatility caused by major economic developments and market news can trigger sudden high fluctuations in the price of specific instruments, which can lead to an increase (or widening) of spreads, in order to cover the increased risk of volatile markets. During daily breaks and in major news, spreads may widen.

4.3. INITIAL / REQUIRED MARGIN

The "Initial Margin" is a percentage of the full value of a position that client must have as collateral to open a CFD position, also referred to as "Used Margin".

The Used Margin per position is derived from the following formula:

Trade Value (in Account Currency) * Initial Margin %

For the purposes of calculation of the Used Margin, the "Initial Margin %" is determined by the Company in its sole discretion in respect of each underlying Financial Instrument and is specified in our Electronic Trading Platforms.

"Required Margin" refers to the amount client is required to have at the time of opening a position. This amount includes the cost that will arise due to the spread in addition to the Used Margin.

The Required Margin is derived from the following formula:

Used Margin + Position Spread

Example:

Client intends to buy a CFD on 1000 barrels of oil at a price of 81.21 per barrel.
The Initial Margin % on the Oil CFD is 10%.
The spread on the Oil CFD is $0.03.

Your Required Margin is calculated as follows:

Trade Value * Initial Margin % + Position Spread
Trade Value = Contracts * Price / Trade Value = 1000 * 81.21 = 81210 USD
Position Spread = Contracts * Spread / Position Spread = 1000 * 30
(81210 * 10%) + 30 = 8121 + 30 = $8151.00

Furthermore, please note that in all our trading platforms a tiered margin model is applied for Elective Professional clients only. This means that as the volume (lot size) per instrument increases, the margin required for the position is increased exponentially.

Please see below the table for the tiered margining:

Margin Tiered Leverage Limits for Elective Pro Clients								
Symbol	Tier1		Tier2		Tier3		Tier4	
FX Pairs	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)
FX Major FX Minor	300	0.01-40	200	40.01-100	100	100.01-200	50	Above 200
FX Exotics	300	0.01-20	200	20.01-50	100	50.01-100	50	Above 200

Non FX Symbols	Tier1		Tier2		Tier3	
Symbol	Leverage	Volume (USD)	Leverage	Volume (USD)	Leverage	Volume (USD)
Indices	200	0 – 3,000,000	100	3,000,001 – 5,000,000	50	Above 5,000,000
XAUUSD	200	0 – 3,000,000	100	3,000,001 – 5,000,000	50	Above 5,000,000
Metals	100	0 – 1,500,000	50	1,500,001 – 3,000,000	30	Above 3,000,000
Energies	100	0 – 1,500,000	50	1,500,001 – 3,000,000	30	Above 3,000,000
Agricultural	100	0 – 1,500,000	50	1,500,001 – 3,000,000	30	Above 3,000,000
ETFs	10	0 – 1,000,000	5	Above 1,000,000		
Shares	10	0 – 1,000,000	5	Above 1,000,000		

For full list of financial instruments in specific asset class and their margin tiered leverage limits please click here.

Example: Major Index – USA30

100 units of USA30 at 40190
Trade value = 100*40190 = 4,019,000.00 USD

Non FX Symbols	Tier1		Tier2		Tier3	
Symbol	Leverage	Volume (USD)	Leverage	Volume (USD)	Leverage	Volume (USD)
Indices	200	0 – 3,000,000	100	3,000,001 – 5,000,000	50	Above 5,000,000

Volume	Tiers	Leverage	Initial Margin
3,000,000	1	200	15,000
1,019,000	1	100	10,190

Total Margin 25,190 USD

Example: FX Pair – USD/CAD

100 lots of USDCAD at 1.35680
Trade value = 100*100000 = 10,000,000.00 USD

Symbol	Tier1		Tier2		Tier3		Tier4	
FX Pairs	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)	Leverage	Volume (LOTs)
FX Major FX Minor	300	0.01-40	200	40.01-100	100	100.01-200	50	Above 200

Volume	Tiers	Leverage	Initial Margin
4,000,000	1	300	13,334
6,019,000	2	200	30,000

Total Margin = 43,334 USD

*The quotes used in examples above are only for indicative purposes and do not take into consideration other factors which may affect the execution or margin used such as currency conversion fees or spread.

We may change the margin requirements applicable to any new (but not existing) position of our customers for the purpose, inter alia, of preventing abusive trading and managing company's market exposure in the following circumstances:

- We may change the margin requirements applicable to any positions opened less than 1 hour before or after the closing of the market of the underlying asset of the CFDs;
- We may change the margin requirements applicable to any position opened less than 1 hour before and after any schedule earnings reports or announcements by the issuer of the underlying asset of the CFDs;
- Where changes in margin are necessary to control company's total market exposure.

We reserve the right to alter the timeframes for margin changes stipulated above in the event of unexpected changes in the marker conditions or where it is otherwise necessary to prevent abusive or manipulative trading.

You are advised to monitor our trading platforms / website for updated information regarding the margin requirements.

5. RECATEGORISATION FROM ELECTIVE PROFESSIONAL TO RETAIL AND VICE VERSA

5.1. WEBTRADER / MOBILE TRADER PLATFORM

On the platform the used margin of each symbol is calculated separately and is recalculated for all positions on that symbol every time the client closes a trade. This means that if a client switches from Retail leverage to Elective Pro leverage and he has open positions on different symbols, the used margin on his account will not change unless he closes existing or new trades on each symbol separately. The same is true when moving from Elective Pro to retail.

5.2. MT4 / MT5 PLATFORM

On the MT4 and MT5 platforms the used margin is recalculated as soon as the client is moved from Retail to Elective Pro group or vice versa. In addition, if he has open positions they will be recalculated at the same time.

6. MARGIN CALLS

If you are trading on Web/Mobile Trader platform and if the value of your positions falls below 100% of the Initial Margin requirement, we will send you an email and / or any other notification.

Note that if you are an MT4 / MT5 client, you will not be receiving any specific notifications at the 100% level. Therefore, customers are advised to log into their trading platform on a regular basis to ensure they monitor their margin level of their positions. Please note that this is an additional service from us to you and does not create any obligation or responsibility on us, for either the performance of your trading account, or for notifying you of the current margin level and the action that you may wish to take. Please monitor the performance of your positions on an ongoing basis. Once an account reaches a Margin Call warning level, it is possible that the margin level could increase above 100%. Should this happen the Margin Call process will reset. If the Margin Call Warning levels are reached again, the Margin Call process will start again. Closure of positions will be done on the basis of best execution prices available at that time.

We reserve the right, acting reasonably, to change at our discretion and with or without prior notice to you, the minimum Margin / Close Out level, in anticipation of evolving market conditions. We do not have any obligation and we will not be notifying you of the execution of the Close Out when the Close Out level is at 50%.

You should consider the following options when in margin call:

a. If you anticipate that the market will turn back in your favour, you may deposit additional funds and/or keep your position(s) open,

b. Close or hedge some or all of your positions.

Customers are responsible for placing their own Stop Loss Orders to minimize losses. In addition, we may, from time to time and at our best effort, contact the Customer and request that the Customer considers the above-mentioned options. Any call for additional margin shall not be deemed precedent for future calls nor future waiver of liquidation rights by the Company.