TRADE CAPITAL

UK

LEVERAGE AND MARGIN POLICY

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 Retail 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.

‘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.

2. SCOPE & APPLICABILITY

The Policy applies to all Retail 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 reflecting 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.

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.

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 CFD is 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 SETTINGS

Following the formal adoption of measures on CFDs by The European Securities and Markets Authority (ESMA) on the 1st of June 2018 and the FCA Policy Statement (PS)19/18 on the Opinion of ESMA published on the 1st of July 2019, regarding the final rules on the sale, marketing and distribution of contract for differences (CFDs) and CFD-like options to retail clients in or from the UK, all retail clients that demonstrate the appropriate knowledge and experience during the registration process shall have the following maximum leverage settings on their account:

INSTRUMENTS	NEW MAXIMUM LEVERAGE
CFDs on Major currency pairs	30:1
CFDs on Other Currency pairs, Major Indices, Gold	20:1
CFDs on Commodities, Non-Major Indices	10:1
CFDs on Shares, ETFs	5:1

5. MARGIN REQUIREMENTS

TRADE.com has the right to liquidate any or all Open Positions whenever the Minimum Margin Requirement is not maintained.

Margin requirements are subject to change at any time. In order to prevent any confusion, TRADE.com, at its best effort, will inform customers about any projected changes on Margin Requirements by email and via the messaging system of the trading platform at least a week before changes are implemented.

6. MARGIN REQUIREMENT LEVELS

Margin requirements are calculated by dividing the true dollar value of a position by the maximum leverage allowed for that trading instrument.

Example A:

35,000 EURUSD position at 1,4000. 35,000 x 1,4000 (dollar value of 1 Euro)/30 (maximum leverage) = $1.633,33

Example B:

What is the margin requirement of 1,400,000 USD/JPY position?

Answer: 1,400,000 has a 3.334% margin requirement (30:1 leverage) which equals: $46,666.67.

7. MARGIN CALLS

If you are a TRADE.com Web/Mobile Trader platform client 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 to TRADE.com 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 minimise losses. In addition, TRADE.com 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 TRADE.com.