INTRODUCTION

Maxiflex Ltd (hereinafter referred to as the "Company) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission ("CySEC") with License Number 258/14.

SCOPE

This Leverage and Margin Policy (the "Policy") sets out how we set leverage and margin levels and procedures when you trade in Contracts of Difference ("CFDs") with us.

The purpose of this Policy is to explain the key aspects of leverage trading and what leverage levels we make available depending on your knowledge and experience and regulatory requirements. It also outlines the impact on your margin and account where negative market movements occur.

LEGAL AND REGULATORY FRAMEWORK

This Policy is issued pursuant to, and in compliance with the requirements of EU Directive 2014/65/EU on Markets in Financial Instruments ("MiFID II") and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law 87(I)/2017, which transposed MiFID II into Cyprus legislation.

Furthermore, the Policy complies with Circular C271 which has been issued by CySEC on 4th of June 2018 pursuant to ESMA's product intervention decision on CFDs and Binary Options issued on 1 June 2018 which decision starts to apply from 1 August 2018 for CFDs.

In this Policy, we collectively refer to all the above legislations, regulations and guidelines as "Regulations". This Policy has been approved by our Board of Directors. Also, it is the Company's policy to review the present Policy once a year, and where relevant amendments need to be made, the Company's Compliance function shall be responsible for the update of this Policy, prior to its submission at the Board of Directors for its further approval.

APPLICABILITY

This Policy applies to the Company's execution of orders on behalf of Retail clients and Professional clients according to the Regulations and Laws, as defined below. If you are an Eligible Counterparty as defined under the Regulations this Policy does not apply to you.

COMPANY'S COMMITMENT

Treating Customers fairly is vital to our corporate culture and ethos and attitude. The Company has a duty to act honestly, fairly, professionally and in the best interests of our clients when dealing with them.

In relation to Leverage and Margin, the Company is required:

a. 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;
b. To have regard to our duty to treat you fairly by avoiding aggressive leverage practices towards you;
c. To have regard to the underlying performance fundamentals of the financial instrument on which the CFD is based, including, if applicable, 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 risk and 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;
d. 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 to manage our (primarily) market risk emanating from such leverage and margin trading by our clients;
e. To apply regulatory requirements and caps as set by CySEC and/or ESMA.

FACTORS CONSIDERED

The Company takes into consideration the following factors when determining the maximum allowed leverage:

Client's Knowledge & Trading experience: With a series of questions in the account opening application we determine the client's financial strength, financial knowledge, trading experience, and trading style.

- The risk appetite and risk management of the Company
- The capital base and financial strength of the Company, as calculated and monitored based on the Company's Capital Adequacy
- Asset Class: based on the instrument specifics and client categorization, leverage on CFDs can go up to 1:30 (for retail clients) or up to 1:300 (for professional clients).

LEVERAGE RATIOS FOR DIFFERENT ASSET CLASSES

We enable you to trade CFDs via the Desktop, web and mobile trading platform.

Retail Clients

For Retail clients, available leverage is determined by ESMA and/or CySEC and can be found in the table below.

Professional Clients

Professional clients, whether per se or eligible, are able to trade with higher leverage.

Specifically, the Company offers Professional clients the option to select higher leverage up to 1:300 based on the underlying instrument and our Leverage and Margin Policy.

Any Client's request in relation to the change of trading account's leverage ratio shall be submitted only via email to support@europefx.com.

The request will be reviewed by the Company and a notification of acceptance including leverage will be communicated.

Leverage Profiles

CFDs relate to underlying asset classes and financial instruments. We set out below these classes together with the leverage levels we make available through our trading platform:

Retail Clients		
Security/Symbols	**Leverage Upto**	**Initial Margin Required Upto**
Forex major (pair of any two of these – EUR, USD, JPY, GBP, CAD, CHF)	1:30	3.33%
Forex non-major + Gold (XAU) + Major indices (CAC, FTSE, DAX, DOW, S&P500, NASDAQ, NK, EURO STOXX50, ASX)	1:20	5%
Commodities (All except Gold) + Non-major indices (All except Major Indices)	1:10	10%
World Shares/Stocks	1:5	20%
Cryptocurrencies	1:2	50%

*Applicable as at the date of this Policy

Leverages are applied on an asset class basis or on any other basis or per financial instrument as we may determine at our discretion. Subject to change with or without notice to reflect market conditions. The applicable leverage rations per instrument at any point in time can be found at the Contract Specifications on our website.

Note that certain jurisdictions apply a cap on leverage ratios irrespective of any retail client categorization into Experienced or Less Experienced. In case of conflict with the provisions of the Investment Services Agreement and Leverage and Margin Policy, local jurisdiction legislation prevails. In the case of Retail Clients in the territory of Spain or Spanish subjects, Specific risk warnings should be provided to Spanish residents and specific statements should be provided to the Company by those clients, when trading CFDs with a leverage higher than 1:10. For further guidance, please refer to Circular C210

We also note that Maltese Professional Clients are restricted to a maximum of 1:100 leverage ratio according to their local regulation.

We reserve the right to reduce leverage rations for CFDs in financial instruments that maybe the subject of actual or anticipated corporate actions, with or without notice to you, in order to address likely market and financial instrument volatility. Where possible we will give you 3 business days' notice of such change so as to enable you to take the action you consider appropriate.

LEVERAGE TRADING AND MARGIN – KEY TERMS

What is Leveraged Trading?

Trading on leveraged capital means that you can trade amounts significantly higher than the funds you invest, which only serve as the margin. High leverage can significantly increase the potential return, but it can also significantly increase potential losses. Please see below an explanation on our "Negative Balance Protection" where we guarantee that you cannot lose more funds than what you have invested.

The leverage is specified as a ratio, such as 1:10, 1:20, 1:30. This means that you, as our client, can trade with amounts many times higher than you could invest in a particular CFD without the margin we provide. Sometimes the Leverage is expressed in percentage terms – and referred to as Margin requirement. For example, a leverage of 1:20 is a margin requirement of 5%.

Example: If the leverage is 1:30 and if you as our client have $1,000 in your account, it means that you can now open trades worth $30,000.

10.2 What is Spread?

The spread is the difference between the Bid price (selling price) and the Ask price (buying price).

Example: If the quote for the EUR/ USD pair is 1.2910 against 1.2913, then the spread is 3 pips.

What is Initial/Required Margin?

Initial Margin/Required margin is basically the amount of collateral needed in order to open and maintain a trade, in addition to the initial loss that will occur due to the spread. The Required Margin is derived from the following formula: (Trade Size in units * Instrument Price) / Leverage + (Amount * Spread).

Example: Suppose you intend to buy a CFD on 10 barrels of oil at a price of 51.30 per barrel with leverage 1:10 and spread $0.03 per barrel.

Your Margin requirement is calculated as follows: (10 * 51.30) / 10 + (10 * 0.03) = $51.6

What is Equity?

In short, Equity can be defined as the value of your portfolio with us. Effectively it is the value of your funds with the Company (which at any point in time include realized profits and losses) plus the unrealized profit and loss on your CFDs based on their latest quoted valuation.

Introduction to Margin Level

Margin level is the percentage value based on the amount of accessible usable margin versus used margin. In other words, it is the ratio of equity to margin. When the margin level decreases, your account bears an increased risk of liquidation. You are advised to monitor margin level at all times. Whilst we may from time to time send you notifications of your Margin Level reaching certain thresholds, you are reminded that under the Retail Client Investments Services Agreement between you and us it is your responsibility to monitor at all times the margin level and take relevant actions.

Relevant actions that you can take to restore your Margin Level include:

- Closing or hedging some of your open positions.
- Depositing more funds that can help in averaging down your position.

Please note that we do not provide advice for the trading decisions and actions you take, including the actions you may take to address the Margin Level requirements.

What is Free Margin?

Free Margin is the sum of funds you have available to use as initial margin for new positions. This is calculated by subtracting the margin used for your current open positions from your Equity.

What is Maintenance Margin?

Maintenance Margin refers to the minimum equity you need to have in order to keep your positions open. This is also commonly referred to as “maintenance requirement” or “minimum maintenance”. If your equity falls below the minimum equity, your account may encounter Stop-out. Stop-Out means one or all of the active trades will be closed automatically, starting from the least beneficial trades, because the accounts margin level has dropped to a point where it can no longer support loss from open trades. Our Stop out occurs when the margin level of the account is less than or equal to 50%.

What is Margin Call and Margin Stop-out?

Margin Call – Margin Call occurs when the funds in trading account cannot cover the possible loss from open trades. It happens when equity falls below used margin. Our Margin Call occurs when the margin level of the account is less than or equal to 70%.

Stop out – At this point, one or all of the trader's active trades are closed automatically, starting from the least beneficial trades, because the accounts margin level has dropped to a point where it can no longer support loss from open trades. Our Stop out occurs when the margin level of the account is less than or equal to 50%.

Margin level percentage formula: Equity/Margin used *100

We advise you that it is your sole responsibility to monitor the margin level of your positions in real-time via your web trading platform or your mobile application.

If your margin level drops to or below 100%, you will not be able to open any new positions. Should your margin level falls below the minimum of 50%, then we reserve the right to liquidate all or a part of your open trades and close any open positions at our discretion, until your account margin level rises above the 50%. We will liquidate positions starting from least profitable trades.

NEGATIVE BALANCE PROTECTION

We offer Negative Balance Protection to all our eligible clients on a per account basis. This means that our clients will never lose more than the amounts they invested.

CONFLICTS OF INTEREST

The Company is required to establish, implement and maintain an effective conflict of interest policy which shall specify the procedures put in place by the Company for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interest arising in relation to its business. For more information, please refer to the Company's Conflicts of Interest policy.

OFFERING CFDs IN CERTAIN JURISDICTIONS

CFDs are not eligible for sale in certain jurisdictions or countries. This Policy is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as this is defined in the Investment Services Agreement. The Policy does not constitute an offer, invitation or solicitation to buy or sell CFDs.

APPLICABLE LANGUAGE

Please note that where you have been provided with a copy of this Policy other than in the English language, such Policy is provided to you for information purposes only. The English version of this Policy is the version that is always binding on the Company.