

LEVERAGE POLICY

1. Introduction

The Leverage Policy (the “Policy”) of CEX Markets Ltd (the “Company”) complies with the Cyprus Securities and Exchange Commission’s (the “CySEC”) Circular C271 of 4 June 2018, issued pursuant to the European Securities and Markets Authority Decision (EU) 2018/796 to implement product intervention measures on Contracts for Differences (“CFDs”) and Binary Options in the Union.

2. Purpose

The Policy defines the leverage limits applicable to retail clients when investing in CFDs. The Policy does not apply to Professional clients and/or eligible counterparties, as they possess the necessary knowledge and experience to understand the risks involved when investing in complex products such as CFDs. In this respect, Professional clients and/or Eligible Counterparties may be granted a higher leverage.

The Company has a duty to act honestly, fairly, professionally and in the best interests of the clients. In relation to Leverage and Margin, the Company is required:

- a. To set leverage limits that reflect the client’s 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 such products;
- b. To have regard the duty to treat the clients fairly by avoiding aggressive leverage practices towards clients;
- c. To have regard to the underlying performance fundamentals of the financial instruments on which the leverage products are 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, the ability to hedge market risk and the general political and economic environment.

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

- Client’s Knowledge and Trading experience: with a series of questions in the account opening application it determines 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: The Company’s leverage ratios for different asset classes and financial instruments are presented below.

3. Leverage Ratios for Different Asset Classes and Financial Instruments

With respect to retail clients, in accordance with the applicable regulation, the Company offers different categories of leverage and margin requirements depending on the particular asset in order for the client to manage the exposure of the account in a more efficient way during volatile markets. The main idea is to protect the Clients' accounts by requiring lower margin requirements for less volatile instruments and higher margin requirements for higher volatile instruments. This concept is illustrated below.

The Leveraged products relate to underlying asset classes and financial instruments. We set out here below these classes together with the maximum leverage levels we make available through our trading platforms

Retail Clients		
Security/Symbols	Leverage	Initial Margin Required
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%

4. Negative Balance Protection

Negative balance protection is offered to clients in order to ensure that the maximum loss for the clients at any point in time never exceeds the clients' available funds.