



LEVERAGE AND MARGIN POLICY

This Policy sets out how we set Leverage and Margin Levels and procedures with respect to our clients' trading with Rynat Trading LTD. You must read this Policy carefully before you enter into any trading with us. If any terms of this policy are unclear to you, you should seek independent legal advice.



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1. Objective

Rynat Trading Ltd (the “Company”) is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as a Cyprus Investment Firm (License No. 303/16). The Company is authorized to provide investment and ancillary services with regards to specific financial instruments as stated in its CySEC License.

This Leverage and Margin policy (the “Policy”) sets out the leverage and margin levels and procedures applicable to leveraged product transactions between the Company and its clients.

The Company reserves the right to introduce changes to this Policy from time to time.

2. Applicability

This Policy applies to Rynat’s execution of orders on behalf of Retail clients and Professional clients according to the Regulations, as defined below. It does not apply to you if you are an Eligible Counterparty as defined under the Regulations.

3. Company’s Obligation

A fair treatment towards our clients encompasses our Company’s core values and ethics.

We have 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, we are 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 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 or any other regulator in any jurisdiction we offer our services to.

4. Client's Obligation

The Company shall rely on the information provided by yourself regarding your knowledge, experience, financial situation and investment objectives.

You acknowledge that our assessment of your use of our leverage ratios is performed based on the information and documents provided by you, and you confirm the truthfulness, correctness and completeness of such information.

You acknowledge that we may rely upon such information and that you are responsible for any damages or losses which may result from any inaccuracies. You can revisit your appropriateness assessment at any time and evaluate your suitability level to determine whether there has been a change to your experience, trading objectives and/or financial situation.

It shall be your responsibility to ensure that you understand how Margin requirements are calculated.

The Company reserves the right to request for you to provide adequate documentation and/or to demonstrate that the changes to your investor profile are evident and it shall be your responsibility to provide the Company with any supporting documentation which will be deemed necessary to allow the Company to determine whether your suitability classification can change and if your leverage ratio can be revised.

5. Legal and Regulatory Framework

This Policy is issued pursuant to, and in compliance with the requirements of ESMA relevant regulations and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus as those amended and/or replaced from time to time.

Furthermore, this Policy complies with Circular 168 of CySEC issued pursuant to the Questions and Answers Document of the European Securities and Markets Authority ("ESMA") issued on 11 October 2016 with reference ESMA/2016/1454 with respect to the provision of CFDs and other speculative products to retail investors under MiFID. 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.

6. Leverage Costs, Trading and Margin - Definitions

"Balance" is the sum of net deposits to client's trading account plus realized profit and loss minus commissions plus/minus swap fees.

"Equity" is the sum of Balance plus unrealized profit & loss.



“Leverage” is the ratio showing by how many times the purchasing power of deposit is increased. E.g., a leverage of 1:50, means that for a \$1,000 deposit you can open trades worth maximum of \$50,000 (1000 x 50).

“Margin Rate” is the percentage rate of the volume traded required to open a position

“Margin Requirement” is the amount of money based on the margin rate needed to open a position, to the actual market exposure of that position.

FX Margin Requirement = (Lots * Contract Size) * Margin Rate

or

Other CFDs Margin Requirement = (Lots * Contract Size * Underlying Instrument Price) * Margin Rate

“Leveraged Trading” or “Margin Trading” means that the client can trade amounts significantly higher than his deposit.

“Free Margin” are the funds available for opening new positions.

“Margin” is the sum of Margin Requirements for all open positions.

“Margin Level” is a percentage derived by:

Margin Level = Equity / Margin

A "Margin Call" takes place when the client's Margin Level is at or below 150% and the client needs to either close some positions, or deposit more funds in his/her account to maintain the relevant positions open.

A "Stop Out" takes place when the client's Margin Level is at or below 100%, and the Company decides to exercise its right to liquidate the client's open positions.



7. Margin Rates

The margin rates per product depend on the underlying asset's historical performance, volatility, liquidity, market capitalization and other characteristics. The rates will also reflect the Company's financial strength and risk appetite and general economic climate and factor in the margin requirements imposed by its liquidity providers. Regulatory limitations applicable to margin rates will be considered and complied with by the Company at all times.

Based on the factors listed above the Company has decided on the margin rates as found on our website's page [Account Types](#).

The margin rates are subject to change from time to time. The full and current list of financial instruments available for trading through our platform accompanied by their corresponding up-to-date ratios is available in our platforms.

Warning: The Company reserves the right to increase margin rates, for specific financial instruments, in relation to the prevailing market conditions. Where possible, the Company will provide its clients with a 3 (three) Business Days notice of such changes, to allow the client to take appropriate measures. Changes in rates may be caused by:

- a. expected release of major announcements (elections, referendums);
- b. periods of low liquidity in the markets (holiday season);
- c. periods of abnormal market volatility; or
- d. any other situation which at the sole discretion of the Company justifies a change.

In addition, the Company reserves the right to Increase margin rates for specific client accounts, on a case by case evaluation. The Company might exercise this right at its sole discretion in cases where the trading style of specific accounts justifies such change, or in cases where a client account exceeds the Company's acceptable risk limits. The Company shall inform the client of such change.

8. Negative Balance Protection

We offer all our clients Negative Balance Protection. This means that you will never lose more than the amounts you invested with us.

9. Conflicts of Interest

Rynat provides execution through a straight through processing ("STP"), or No Dealing Desk execution model. In this model Rynat passes on to its clients the best prices that are provided by its liquidity providers/Execution venues with a fixed mark-up for each currency pair. In this model, Rynat does not act as a market maker in any product. As such, Rynat is reliant on these external providers for currency pricing. Although this model promotes



efficiency and competition for market pricing, there are certain limitations to liquidity that can affect the final execution of your order.

10. Updates

The Risk Manager will constantly review the procedures and effectiveness of the Brokerage department and report to the Board of Directors all instances of any failures and remedial steps and time frame within which shall be done.