

Leverage Policy

1. Introduction

VASBY CAPITAL MARKETS Ltd (hereinafter called the “Company”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”). The Company is located at Agias Fylaxeos 1, KPMG Centre, Ground Floor, 3025, Limassol.

2. 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 with margin 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.

3. LEGAL AND REGULATORY FRAMEWORK

The Leverage Policy is provided to Clients or potential clients in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law of 2007 (No. 144(I)/2007), implementing Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments (“MiFID”) as amended by the Directive 2006/31/EC of the European Parliament and of the Council and Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II).

The Policy complies with Circular C271 which has been issued by CySEC on 4 June 2018 pursuant to ESMA’s product intervention decision on CFDs issued on 1 June 2018 which decision starts to apply from 1 August 2018 for CFDs.

4. 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.

5. OUR COMMITMENT

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 historic volatility, depth of market [liquidity and trading volumes], market capitalisation of the issuer and country of the

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) The leverage limit offered to Clients range from 2% to 20% depending on the type of the Financial Instrument to be offered (i.e. Shares CFDs, Indices CFDs, Forex CFDs).
- f) Statistical records with the outcome of the appropriateness assessment performed to Clients will be kept. Such records shall include, inter alia, the Clients who have passed, or not, the appropriateness test and how many Clients have proceeded, or not with transactions, despite the failure.
- g) Negative balance protection will be set (i.e. maximum Clients' loss will never exceed the Clients' available balance).

Note that certain jurisdictions apply a cap on leverage ratios irrespective of any Retail Client categorisation into Experienced or Less Experienced.

6. LEVERAGE RATIOS FOR DIFFERENT ASSET CLASSES AND FINANCIAL INSTRUMENTS AND DIFFERENT CLIENTS

6.1 Retail Clients

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.

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.

6.2 Professional Clients

A professional client, or a retail client who has opted-in the professional client's status (upon his written request), either generally or in respect of an investment service or transaction, or product may be provided with a higher leverage. The table in section 6.3 discloses the maximum limits that may be provided to professional clients.

6.3 Leverage Profiles

Symbols	Examples	Retail Clients		Professional Clients	
		Leverage	Margin Required	Leverage	Margin Required
Major Forex	EURUSD, GBPUSD	1:30	3.33%	1:200	0.5%
Non-major Forex	AUDCAD, EURAUD	1:20	5%	1:200	0.5%
Commodities	UKOil,USOil,XAGUSD	1:10	10%	1:100	1%
Commodities – Gold	XAUUSD	1:20	5%	1:100	1%
Major indices	DAX30, SP500	1:20	5%	1:50	2%
Non-Major indices	ES35, HK50	1:10	10%	1:50	2%
Shares*	Apple, Amazon	1:5	20%	1:10	10%

* Margin requirements may be subject to change before earnings announcements and/or any corporate action.

7. Negative Balance Protection

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