Leverage and Margin Policy

1. Purpose

CAPITAL COM SV INVESTMENTS LIMITED (the "Company") is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") as a Cyprus Investment Firm (License No. 319/17). 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 contract for difference ("CFD") transactions between the Company and its clients. Fair treatment of our clients is one of the pillars our Company is set up on. To achieve fair treatment the current Policy guarantees that the leverage and margin levels applicable by the Company reflect the knowledge and experience of our clients and are not a representation of aggressive leverage policies that often lead to clients suffering huge losses. Moreover, the Policy is designed to match the Company's risk appetite and risk accepting limits as defined by the Company's Board of Directors.

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

This policy will be reviewed and approved by the members of the Board of Directors, at least on annual basis or whenever a material change occurs. Any updates on this policy either due to material changes or due to updates in the legislative requirements is approved by the board of directors of the Company.

2. Legal and Regulatory Framework

Part 2 of the Investment Services and Activities and Regulated Markets Law 87 (I)/2017 as in force (hereafter "the Law") in relation to the requirements resulting from the investor protection topics;
CySEC Circular C168, concerning the provision of CFDs and other speculative products to retail investors under MiFID;
Questions and Answers relating to the provision of CFDs and other speculative products to retail clients

As per the Circular C168 of CySEC issued pursuant to the Q&A of the European Securities and Markets Authority about the provision of CFD's and other speculative products to retail investors, the Announcement of ESMA on product intervention measures relating to CFDs and Binary options as well as the Circular C217 of the Cyprus Securities and Exchange Commission for the ESMA Product intervention decision of CFDs and Binary options. The Company has proceeded with the appropriate measures to ensure compliance with the above-mentioned Circular.

3. Risks Involved

Trading CFDs is a form of Leveraged Trading and is highly speculative, complex and involves a significant risk of loss and is not suitable for all investors. CFDs are among the riskiest types of investments and can result in large losses.

Before deciding to trade CFDs a client should carefully consider his/her investment objectives, level of experience and risk appetite. While trading CFDs a client can sustain a partial or full loss of his/her initial investment. Clients should be aware of all the risks associated with trading CFDs and seek advice from an independent financial advisor if they have any doubts. CFDs are not suitable for "buy and hold" trading, therefore if a client does not have enough time to monitor such investment on a regular basis, he or she should not trade in CFDs.

Special Statement for Residents of Spain: The Company offers CFDs trading. CFD is a product that is complex and difficult to understand. The National Securities Market Commission of Spain (Comisión Nacional del Mercado de Valores) has determined that, due to the complexity of the CFDs and the risks involved, the purchase of CFDs by retail investors is not appropriate/suitable. A CFD is also a leveraged product and the losses incurred may be greater than the amount initially invested. Amount initially invested corresponds to the initial margin required to open a position.

4. Definitions

4.1. "Equity" is the sum of net invested funds plus realized profit & loss plus unrealized profit & loss plus/minus any other cash transactions.

4.2. "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).

4.3 "Margin Rate" is the ratio of amount of money needed to open a position, to the actual market exposure of that position.

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

4.5. "Cash Required" is the amount of money needed to open and maintain a position. It is derived by:

*Cash Required = (Volume * Underlying Instrument Price) / Leverage or*
*Cash Required = (Volume * Underlying Instrument Price) * Margin Rate*
The Cash Required fluctuates with the changes in price of the underlying asset.

4.6. "Available" are the funds available for opening new positions.

4.7. "Margin" is the sum of Cash Required for all open positions.

4.8. "Margin Level" is a percentage derived by:

ML = Equity / Margin

4.9. A "Margin Call" takes place when the client's Margin Level is at or below 100% and the Company sends its client a notification that he/she needs to either close some positions, or deposit more funds in his/her account to maintain the relevant positions open.

4.10. A "Close Out" takes place when the client's Margin Level is at or below 50%, and the Company decides to exercise its right to liquidate the all client's open positions.

If a sudden market movement causes the Margin Level to drop from above 100% to below 50% the Company may liquidate the client's open positions without sending a notification to the client that his/her Margin Level is at or below 100%.

5. Margin

The Client shall provide and maintain Margin in accordance with the terms of this Agreement to secure Client's obligations to the Company. The Client must maintain at all times the minimum Margin requirement for the Open Positions in Client's Account.
The Margin shall be paid in a currency acceptable by the Company and such Margin deposits will be treated as Client's funds in accordance with the terms of this Agreement and the provisions of the legal framework. It is the Client's responsibility to understand the Margin requirement mechanisms and reference shall be made to the Company's Website.
The Client needs to continuously monitor any Open Positions in Client's Account in order to avoid being closed due to unavailability of funds and the Company is under no obligation to make calls for margin. The Company will endeavor to notify the Client, as soon as it is reasonably practicable, on the amount of any Margin payment required, for the Client's convenience.
In the event that the Client fails to meet a Margin Call and/or make the necessary Margin payment, the Company reserves the right to immediately close the Client's Open Positions at current market price

and/or cancel the pending orders, as margins are reserved for pending orders. Both actions are possible without obtaining the consent of the Client. Any failure by the Company to enforce its rights hereunder shall not be deemed as a waiver of such rights by the Company and the Company maintains the right to liquidate Client's Open Positions in case of inadequate funds without calling Margin.

6. Maximum Leverage

Conditions under which clients may be granted higher leverage

The default leverage limit for retail clients advised by CySEC and implemented by the Company is 1:50. Depending on the appropriateness level of the client relating to our trading services, the leverage limit can be increased by client to either 1:100 or 1:200. The leverage limit for retail client that decide to trade CFDs on virtual currencies is 1:5.

If under the legal and regulatory requirements of certain foreign jurisdictions that are relevant for the Company's activities the maximum leverage for affected clients is capped at a level lower than made available, the Company will offer the affected clients the maximum leverage prescribed by the laws and regulation of that foreign jurisdiction (i.e. apply the maximum leverage that is lower than the one made available, but limit such application only to the affected clients). Please note that if a resident of Spain decides to trade with leverage greater than 1:10 a set of additional rules and procedures will become applicable. Such set of additional rules and procedures can be found in section 12 & 19 of the Company's Terms & Conditions.

Please also note that due to regulations applicable residents of Poland may only receive leverage up to 1:100.

7. Leverage and Margin Ratios

The leverage and margin ratios per underlying asset depend on the underlying asset's historical performance, volatility, liquidity, market capitalization and other characteristics. The ratios 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 taken into account and complied with by the Company at all times

ESMA'S PRODUCT INTERVENTION MEASURES:

The European Securities and Markets Authority (ESMA) has formally adopted new measures on the provision of contracts for differences

(CFDs)
ESMA has adopted these measures in the official languages of the EU and they will remain in force for a period of three months from the date of application.
The measures have been published in the Official Journal of the European Union. They will start to apply from 1 August 2018 for CFDs and will consist of (amongst other measures) a restriction of: leverage limits on opening positions.
Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying:

- 30:1 for major currency pairs;
- 20:1 for non-major currency pairs, gold and major indices;
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies;

If ESMA decides not to prolong the measures, the Company will implement the leverage levels as before the implementation of the measures.

Important: The Company reserves the right to decrease leverage (i.e. increase margin rates), or vice versa, 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 decrease leverage (i.e. Increase margin rates), or vice versa, 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.

Negative Balance Protection

It is possible for adverse market movements to result in the Company's clients losing more than their account balance, so that the balance becomes negative. In this case, the Company will bear the negative consequences of such adverse events and any of the clients' losses will be limited to their then current account balance. For more information please refer to the Terms and Conditions.

8. Costs

In addition to any profits or losses, there are different types of costs linked to transactions in CFDs that will impact the effective return. Costs related to CFD trading include spreads (that may be marked-up) and overnight premiums. If, for example, a Category 1 Share is quoted at 141.50€/141.70€, then the spread equals to 20 € cents. If this spread remains at 20 € cents, when you close your trade you will effectively pay 20€ cents for every share traded as a spread. The overnight premium rates are derived based on monthly benchmark interbank rates. Overnight premium figures and cut-off times for charging them can be found in the relevant instruments' details section at capital.com and on the Company's app. You should be aware of the possibility that other taxes or costs may exist that are not paid through or imposed by the Company. It is your sole responsibility to bear these additional costs. Costs related to CFD trading can be complex to calculate and may outweigh the gross profits from a trade.

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