

LEVERAGE POLICY

1. Introduction

AGM Markets Limited (hereafter the “Company” or “AGM”) authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”), under authorisation number CIF 145/11 has established a Leverage Policy (hereinafter, the “Policy”). The Policy is in accordance with the requirements of:

- a) Circular C168 of the Cyprus Securities and Exchange Commission concerning the updated version of ESMA Q&A document relating to the provision of CFDs and other speculative products to retail investors under MiFID,
- b) The question and answer 1 of Section 8 of ESMA/2016/1165 relating to the provision of CFDs and other speculative products to retail investors under MiFID.

2. Default Leverage and Financial Knowledge

Clients, who have been classified as “retail clients” upon establishing a business relationship with the Company shall be granted with the **default leverage of 1:50**. In addition, retail clients may never lose more funds than those deposited in their trading account (i.e. negative balance protection).

2.1 Conditions under which clients may be granted higher leverage

2.2.1. Clients who pass the appropriateness test. Clients who they have achieved in the appropriateness test of the Company must be such to classify them as “Moderate Experienced” or “Professional”;

Clients who have been subjected to the appropriateness test and the Company has assessed that the financial instruments and investment services it offers are appropriate for them may be given the option, if they chose, to increase their leverage up to a maximum of:

- a) 1: 100 for Mini accounts. For further details refer to the Company’s website.
- b) 1: 200 for Standard accounts. For further details refer to the Company’s website.

When the client decides to increase his leverage, the Company shall provide the client with a relevant risk warning of the risks of using higher leverage.

Further to the above, the clients who wish to obtain higher level of leverage, should send an email to leverage@agmmarkets.com requesting to be allowed to increase leverage beyond the levels set in the aforesaid paragraph up to the maximum levels stated in **paragraph 2.2.1**.

Note: The maximum leverage for retail clients residing in Poland should not exceed the cap of 1:100, irrespective of whether they have passed the appropriateness test.

In addition, the stop out level for the said clients shall be 100%.

2.2.2. Clients who fail the appropriateness test

Clients who have been subjected to the appropriateness test and the Company has assessed that the financial instruments and investment services it offers are not appropriate for them shall not be allowed to increase leverage beyond:

- a) 1: 50 for CFDs/ indices/ commodities/ bonds.
- b) 1: 50 for FX.

The Company has assessed a number of factors when establishing the maximum leverage thresholds for each category of instruments. Such factors include inter alia the volatility over a period of time of each instrument, the prevailing regulatory framework and the Company's own experience with clients. The maximum leverage the Company will offer, shall be determined by the Head of Dealing Department with the cooperation of the Risk Manager who closely monitor the scoring of clients' assessment of appropriateness test. The Head of Dealing Department when setting the maximum leverage to be provided to clients shall take into account the following factors:

- a) **The capital base and financial strength of the Company, as calculated and monitored based on the Company's Capital Adequacy;**

The Company shall always comply with the Capital Requirements and regulations and the leverage ratios which are allowed to its clients.

b) The risk appetite and risk management of the Company;

The Company shall follow the risk management policy and procedures which identify the risk related to the activities of the Company when it will be setting the percentage of the leverage allowed to its clients. AGM Markets shall always ensure that the leverage ratios allowed to Clients are always in line with its risk appetite.

c) The asset class and instrument characteristics, including the liquidity and trading volume, volatility, market cap, country of issuer, general economic climate and geopolitical events;

d) Clients' assessment of appropriateness and financial knowledge.

AGM Markets takes into consideration the clients' knowledge and experience before allowing the client to use the leverage.

In addition, the stop out level for the said clients shall be 100%.

The Company shall assess whether a higher leverage is able to be offered to the clients in case where all the following apply, cumulatively:

- a) Clients must have been registered with the Company for at least 6 months
- b) In order for the clients to be able to avail a higher leverage limit the scoring they have achieved in the appropriateness test of the Company must be such to classify them as "Advanced" or "Expert";
- c) Clients must have conducted with the Company at least 50 trades and at least 2 trades per trimester
- c) Clients who have conducted the 50 trades in a time frame less than 3 months from the date of registration shall not be considered experienced enough to increase their maximum leverage. These clients shall be required to conduct at least 6 trades (on any instrument) for an additional trimester;

- c) Upon the clients' application to increase the leverage, the Company shall warn the clients again that, based on the answers given during the assessment of appropriateness, the financial products and investment services offered by the Company may not be appropriate for them.

Please note that irrespective of whether the below conditions are met, the Company will not be in a position to increase the allowable leverage, if the client has not undergone once again the appropriateness test and succeeded as per the provision of the Circular C168.

3. Adjustment of Leverage

Clients shall be able to adjust the leverage at any point of time, under the provision that they do not have any open positions. In such an event, the Company shall notify the said clients that the adjustment of leverage will be in effect after all open positions are closed, given that lowering the leverage when positions are open may result in a client losing his funds due to insufficient margin to sustain his position.

4. Negative Balance Protection

The Company has established a negative balance protection policy which in the event that a negative balance occurs in the clients' trading accounts due to stop out and/or extremely volatile market conditions will make a relevant adjustment to cover the full negative amount.

The Head of Dealing Department shall perform regular reviews of the maximum leverage offered to Clients by reconsidering the abovementioned factors. The Head of Dealing Department shall, where appropriate suggest to the Board of Directors to change the maximum leverage on offer who shall either approve or reject (in either case justify their decision) this suggestion

Risk Warning

CFDs and forex instruments are leveraged products. Trading in leveraged products involves high level of risk and may not be suitable for all investors. Trading such products is risky and you may lose all your invested capital. The high degree of leverage can work against you as well as in your favor. Before opening a trading account, make sure you are fully aware of your financial knowledge and abilities, your analytical and practical trading skills.