



LEVERAGE AND MARGIN POLICY

GLOBAL MARKETS GROUP LIMITED

TABLE OF CONTENTS

1.	INTRODUCTION	3
2.	SCOPE & APPLICABILITY TO RETAIL CLIENTS	3
3.	THE FIRM'S COMMITMENT	3
4.	LEVERAGE SETTINGS	4
5.	MARGIN REQUIREMENTS	4
6.	MARGIN REQUIREMENT LEVELS	4
7.	MARGIN CALLS.....	4

1. INTRODUCTION

Global Markets Group Limited (referred to as “we”, “us”, “our”, “the Firm”) has established a Leverage and Margin Policy (“the “Policy”) which applies to the Firm’s Retail clients.

The purpose of this Policy is to define the leverage practices of the Firm to increase investor protection and inform clients that they should always maintain the Minimum Margin Requirement on their Open Positions to avoid a close-out.

‘Leverage’ is the ratio of the transaction size to the actual investment used for margin. Leverage allows a client to trade without utilising the full amount. Instead, a margin amount is required. For example, 1:30 leverage, also known as 3.33% margin requirement, means £333.33 of equity is required to purchase an order worth £10,000. Leverage increases both upside and downside to risk as the account is now that much more sensitive to price movements.

2. SCOPE & APPLICABILITY TO RETAIL CLIENTS

The Policy applies to all **Retail** clients speculating on the short-term movements in the price of CFD’s which are complex products, and it may be difficult for most such clients to understand the risk involved. This is reflected in the requirement to assess appropriateness as part of the account opening process. The Firm has adopted a robust process to assess the knowledge and experience of retail clients (as well as potential retail clients), to check their understanding of the risks involved and to determine whether the Firm’s products are appropriate for them.

Leverage acts as a modifier on an account. Not only does it enhance potential profits, but it also enhances potential losses (losses can never exceed the funds on your account); it is for nearly all intents and purposes like trading with a much larger account.

3. THE FIRM’S COMMITMENT

Treating Clients fairly is central to the Firm’s corporate culture, ethics, and integrity.

We have a duty to act honestly, fairly, professionally and in the best interests of our clients.

In relation to Leverage and Margin, we are required:

- i. To set leverage levels that reflect your knowledge and experience in trading in complex financial instruments such as CFDs, whose key characteristic is trading with leverage and margin;
- ii. To treat our clients fairly and ensure that **NO** aggressive leverage practices are applied towards them;
- iii. To have regard to the underlying performance fundamentals of the financial instruments on which the CFD instruments offered are based, including historic volatility, depth of market (liquidity and trading volumes), market capitalisation of the issuer and country of issuer of the underlying financial instrument (if applicable), 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.
- iv. 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;
- v. To apply regulatory requirements and caps as set by the FCA.

4. LEVERAGE SETTINGS

Further to the formal adoption of measures on CFDs by The European Securities and Markets Authority (ESMA) on the 1st of June 2018 and the FCA Policy Statement (PS)19/18 on the Opinion of ESMA published on the 1st of July 2019, regarding the final rules on the sale, marketing and distribution of contract for differences (CFDs) and CFD-like options to retail clients in or from the UK, all retail clients that demonstrate the appropriate knowledge and experience during the registration process shall have the following maximum leverage settings on their account:

CFD INSTRUMENTS	MAXIMUM LEVERAGE
CFDs on Major currency pairs	1:30
CFDs on Other Currency pairs, Major Indices, Gold	1:20
CFDs on Commodities, Non-Major Indices	1:10
CFDs on Shares, ETFs	1:5

5. MARGIN REQUIREMENTS

The Firm has the right to liquidate any or all Open Positions whenever the Minimum Margin Requirement is not maintained. Margin requirements are subject to change at any time. For avoidance of any confusion, The Firm, at its best effort, will inform clients about any projected changes to Margin Requirements by email and via the messaging system of the trading platform at least a week before a change is implemented.

6. MARGIN REQUIREMENT LEVELS

Margin requirements are calculated by dividing the true dollar value of a position by the maximum leverage allowed for that trading instrument.

Example: What is the margin amount required for opening a 20,000 EURUSD position at 1.1000?

Answer: $20,000 \times 1.1000$ (dollar value of 1 Euro)/30 (maximum leverage) = **\$733,33**

7. MARGIN CALLS

Please monitor the performance of your positions by logging into your trading platform regularly and monitoring the margin level of your positions, as the value of your positions may fall below 100% of the Initial Margin requirement in case the market turns against you. You are responsible for placing your own Stop Loss Orders, if you wish to minimise losses.

If your account reaches a Margin Call warning level, it is possible that the margin level could again increase above 100% depending on the market conditions. Should this happen, the Margin Call process will reset. If the Margin Call Warning levels are reached again, the Margin Call process will start again.

You may consider the following options when in margin call:

- a) If you anticipate that the market will turn back in your favour, you may deposit additional funds and/or maintain your position(s);
- b) Close or hedge some or all your positions.

Closure of positions will be triggered when the value of your positions reaches the Close Out Level of 50% of the Initial Margin requirement and will be done based on best execution prices available to The Firm at that specific time. The Firm has no obligation to notify you of the execution of the Close Out when the Close Out level is at 50%.