TRUST CAPITAL TC

LEVERAGE AND MARGIN POLICY

Trust Capital TC LTD
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Leverage and Margin Policy

1. Introduction

Trust Capital TC Ltd (referred to below as "Company", "we", "us" or "our") is a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) under license number 369/18, incorporated under Cyprus Company Law with Company Registration Number: HE 364353 and with registered office at 23 Olympion Street, Libra Tower, Second Floor Office 202, 3035 Limassol, Cyprus.

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. To see a full list of the CFDs we offer, please refer to our Product Overview

The Policy explains 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. Application

This Policy applies to Trust Capital TC LTD'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.

4. Our commitment

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

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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;

f) To inform you Trading CFDs and FX Contracts is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who: understand and are willing to assume the economic, legal and other risks involved; are experienced and knowledgeable about trading in derivatives and in underlying asset types; are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

5. Legal and regulatory framework; approval by our board of directors

This Policy is issued pursuant to, and in compliance with the requirements of 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”) and the Law of the Republic of Cyprus No 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into Cyprus legislation, and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II.

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.

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.

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6. Leverage ratios for different asset classes and financial instruments and different clients

We enable you to trade CFDs via our web and mobile trading platforms.

6.1. Retail Clients

For retail clients, regulation prescribes the leverage limit which cannot exceed a default level of 1:30. In general, we internally classify Retail Clients as follows:

a) **Experienced Retail Clients:** Clients that score high marks in our Appropriateness test, financial instruments like CFDs;
Experienced Retail Clients can trade with a variable leverage ratio which cannot exceed 1:30 subject to the caps that we may apply based on our internal principles of risk appetite and tolerance. We reserve the right to introduce additional leverage levels up to the cap of 1:30.

b) **Less Experienced Retail Clients:** Clients that score average marks in our Appropriateness test. Whilst such clients are deemed to possess certain knowledge and experience in trading in complex financial instruments like CFDs, their trading is only enabled after they receive extensive risk warnings which they acknowledge, accept and consent to. In order to further protect these clients, we are introducing restrictions on the leverage they can use for their trading with us. These restrictions will apply until the client undertakes 40 trades in 4 consecutive months, with a minimum of 2 trades in each of the four months. We restrict the leverage ratio to 1:30 or at any lower level that we may apply based on our internal principles of risk appetite and tolerance;

6.2. Professional Clients

Professional clients, whether per se or eligible, are able to trade with higher leverage.

Specifically, the Company offers Professional clients the option to select higher leverage ratio of 1:100, 1:200 or 1:300 based on the underlying instrument and our Leverage and Margin Policy.

We note that Maltese Professional clients are restricted to a maximum of 1:100 leverage ratio according to their local regulation.

6.3. Leverage Profiles

CFDs relate to underlying asset classes and financial instruments. 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 crypto currencies;

Leverages are applied on an asset class basis or on any other basis or per financial instrument as we may determine at our discretion, which is subject to change with or without notice to reflect market conditions. The applicable leverage ratios per instrument at any point in time can be found at: https://trustcapitaltc.com/contractspecifications

We reserve the right to reduce leverage ratios on CFD instruments to address likely market and financial instrument volatility. Where possible, we will give you 3 business days' notice of such change so as to enable you to take the action you consider appropriate.

7. Leverage Trading and Margin - Key Terms

7.1. What is Leveraged Trading?

Trading on leveraged capital means that you can trade amounts significantly higher than the funds you invest, which only serve as the margin. High leverage can significantly increase the potential return, but it can also significantly increase potential losses. Please see below an explanation on our "Negative Balance Protection" where we guarantee that you cannot lose more funds than what you have invested. The leverage is variable as a ratio. This means that you, as our client, can trade with amounts many times higher than you could invest in a particular CFD without the margin we provide.

Sometimes the Leverage is expressed in percentage terms – and referred to as Margin requirement. For example, a leverage of 1:30 is a margin requirement of 3.34%.

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Example: If the leverage is 1:30 and if you as our client have $1,000 in your account, it means that you can now open trades worth $30,000.

7.2. What is a Spread?

The spread is the difference between the Bid price (selling price) and the Ask price (buying price) of the CFD.

Example: If the quote for the EUR/USD pair is 1.2910 against 1.2913, then the spread is 3 pips.

7.3. What is Initial/Required Margin?

The Initial Margin is a percentage of the full value of a position that you, as the client must have as collateral in order to open a CFD position, also referred to as Used Margin. The Used Margin per position is derived from the following formula: (Amount * Instrument Price) * Initial Margin %.

For the purposes of calculation of the Used Margin, the “Initial Margin %” is determined by the Company in its sole discretion in respect of each underlying Financial Instrument and is specified in our Electronic Trading Platform.

Required Margin refers to the amount you are required to have at the time of opening a position. This amount includes the cost that will occur due to the spread in addition to the Used Margin. The Required Margin is derived from the following formula: Used Margin + (Amount * Spread).

Notwithstanding the above, we reserve the right to address Margin changes stipulated above at any time in the event of unforeseen changes in the market conditions or where it is otherwise necessary to prevent abusive or manipulative trading. You are advised to monitor our Electronic Trading Platforms and the Website for up-to-date information regarding the Margin requirements.

7.4. What is Equity?

In a nutshell, Equity can be defined as the value of your portfolio with us. Effectively it is the value of your funds with Trust Capital TC LTD (which at any point in time include realized profits and losses) plus the unrealized profit and loss on your CFDs based on their latest quoted valuation.

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7.5. Introduction to Margin Level

The Margin Level indicates how close your account is to a margin call. It is calculated as Equity/Initial Margin and is typically shown in "%". When the margin level decreases, your account bears an increased risk of liquidation. We call this the Close Out (stop out) Level and explain it further below. You are advised that you should monitor this margin level at all times. Whilst we may from time to time send you notifications of your Margin Level reaching certain thresholds, you are reminded that under the Retail Client Investments Services Agreement between you and us it is your responsibility to monitor at all times the margin level and take relevant actions.

Please note that we do not provide advice for the trading decisions and actions you take, including with respect to the actions you may take to address the Margin Level requirements.

7.5.1. What is Free Margin?

Free Margin is the sum of funds you have available to use as initial margin for new positions. This is calculated by subtracting the margin used for your current open positions from your Equity.

7.5.2. What is Maintenance Margin?

Maintenance Margin refers to the minimum equity you need to have in order to keep your positions open. This is also commonly referred to as "maintenance requirement" or "minimum maintenance". If your equity falls below the minimum equity, the Margin Close out Level will be met and your open position(s) will be liquidated, without any notice by us to you. The Maintenance Margin requirement varies depending on the financial instrument. Our default Margin Close Out Level is set at 50% as described in our Investment Services Agreement.

7.5.3. What is Used Margin?

Used Margin indicates the sum of margin being used by your current open positions. It is calculated by adding the initial margins of all your open positions.

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Example:

You open a position of 1,000 EUR/USD at 1.1175. Assume that the initial margin requirement is 3.34% (i.e. a leverage of 1:30). The margin used for your position is calculated as follows: (1,000*1.1175)/30 + 1,000*0.0002= $37.45

In addition, you open a position of 5 units of the Apple CFD at 107.70. Assume that the initial margin requirement is 20% (i.e. a leverage of 1:5). So the initial margin used for this position is calculated as follows: (5*107.7) * 20% + 5*0.07 = $108.05.

7.5.4. What is Margin Level?

A margin level is calculated by dividing the current Equity and the Used Margin.

Margin level %= (Equity / Used Margin) x 100

Please note that we reserve the right to change at our sole discretion the margin requirements without prior notification to you, based on actual or expected (in our opinion) market volatility or our view of market conditions in general.

7.6. Our Margin Call Policy

We advise you that it’s your sole responsibility to monitor the margin level of your positions in real-time via your web trading platform or your mobile/tablet app.

The Margin Call level is reached when your Equity falls below 100% of the Used Margin of your account. However, please note that you will not be receiving any specific notifications from us at this 100% Margin Call level. Please therefore monitor the performance of your positions on an ongoing basis and take the action you consider appropriate.

As mentioned above, the 50% margin level is the minimum level you need to maintain for your open position(s). All open positions in your account as well as all pending orders will be liquidated immediately should your margin level falls below the minimum of 50%.

Please note that we do not provide advice for the trading decisions and actions you take, including with respect to the actions you may take to address the Margin Level requirements such as the ones we refer to above.

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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 in with us.

9. Offering CFDs in certain Jurisdictions

CFDs are not eligible for sale in certain jurisdictions or countries. This Policy is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as this is defined in the Investment Services Agreement. The Policy does not constitute an offer, invitation or solicitation to buy or sell CFDs.

10. Applicable Language

Please note that where you have been provided with a copy of this Policy other than in the English language, such Policy is provided to you for information purposes only. The English version of this Policy is the version that is binding on Trust Capital TC LTD at all times.

11. Amendment of the Policy and Additional Information

The Company reserves the right to review and/or amend its Policy whenever it deems this appropriate. Should you require any further information and/or have any questions about our Leverage and Margin Policy please direct your request and/or questions to: available upon request from Company's offices at: Tel.: +357 25 378899,
or e-mail: info@trustcapitaltc.com