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LEVERAGE AND MARGIN POLICY

Grandis Securities Ltd

CIF License Number: 343/17

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1. INTRODUCTION

Grandis Securities Ltd ("the "Company", "we" or "us") is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 343/17. The Company's registered office address is at 18 Kyriakou Matsi, Victory Tower, Office 301, Ayioi Omologites, CY-1082, Nicosia, 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 leveraged financial instruments with us.

The Company's leveraged financial instruments (the "Leveraged products") are the following:

- Financial Contracts for Differences ("CFDs") on Forex, Shares, Indices, Commodities and Cryptocurrencies.

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

This Policy is issued pursuant to, and in compliance with the requirements of the EU Directive 2014/65/EU on Markets in Financial Instruments ("MiFID II") and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law 87(I)/2017, which transposed MiFID II into Cyprus legislation.

Furthermore, this Policy complies with CySEC's Directive DI87-09 for the restriction on the Marketing, Distribution or Sale of Contracts for Differences (CFDs) to Retail Clients, as this may be amended from time to time (hereinafter referred to as the "National Product Intervention Measures on CFDs").

The Company's Board of Directors has approved this Policy. Also, it is the Company's policy to review the present Policy at least once a year and/or when required by applicable laws and regulations, and where relevant amendments need to be made, the Company's Compliance function shall be responsible for the update of this Policy, prior to its submission to the Board of Directors for its further approval.

4. APPLICABILITY

This Policy applies with respect to the orders executed on behalf of Retail and Professional clients.

If you are an Eligible Counterparty, as defined under the Regulations, this Policy does not apply to you.

5. COMPANY'S 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, 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 such products;

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 instruments on which our Leveraged products are 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 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 and/ or ESMA (if applicable).

6. FACTORS CONSIDERED

The Company takes into consideration the following factors when determining the maximum allowed leverage:

- Client's Knowledge & Trading experience: With a series of questions in the account opening application, we determine the client's financial strength, financial knowledge, trading experience, and trading style;
- The risk appetite and risk management of the Company;
- The capital base and financial strength of the Company, as calculated and monitored based on the Company's Capital Adequacy;
- The Client's categorisation under the Law 87(I)/2017;
- Asset Class: The Company's leverage ratios for different asset classes and financial instruments are presented in Section 8 of this policy.

7. CLIENTS' CATEGORISATION

A. <u>Retail Clients</u>

Subject to passing the Appropriateness Test as part of the on-boarding application process, all Retail Clients will be offered leverage as set out in Section 8 of this Policy and prescribed by National Product Intervention Measures.

Those applicants who do not pass the online appropriateness testing, that includes qualitative questions regarding their wealth and experience together with an online questionnaire to demonstrate their knowledge of the risks and workings of the CFD products, will not be allowed to trade with the Company.

B. <u>Professional Clients</u>

With respect to Professional Clients, as these are defined in the Company's Client Categorisation Policy, the maximum allowed leverage limit applicable to each financial instrument/underlying asset class in accordance with section 8 is offered as a default.

Professional Clients have the choice to change (i.e. lower or re-increase) the leverage ratios they trade with via the trading platform, 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.

8. LEVERAGE RATIOS FOR DIFFERENT ASSET CLASSES AND FINANCIAL INSTRUMENTS

A. <u>Financial Contracts for Differences</u>

We enable you to trade CFDs via MT5 desktop, Webtrader and mobile trading platforms.

With respect to retail clients, the amount of available leverage depends, inter alia, on the applicable regulatory restrictions and the underlying asset category. In accordance with the applicable regulations, the Company offers different categories of 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. This concept is illustrated below.

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

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 market volatility or our view of market conditions in general. During expected extreme volatility, the offered leverage shall be reduced according to the levels decided by the Company's Risk Manager along with the Company's Management.

i. **Retail Clients**

Retail Clients		
CFD Underlying Asset	**Leverage**	**Initial Margin Required**
1. Major Currency Pairs (pair of any two of these – EUR, USD, JPY, GBP, CAD, CHF)	1:30	3.33%
2. Forex non-major (i.e. a currency pair composed of at least one currency that is not listed in point (1) above) 3. Gold 4. Major indices (any of the following equity indices: Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Bourse AG German Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard & Poors 500 (S&P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard & Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50))	1:20	5%
5. Commodities (All except Gold) 6. Non-major indices (All except Major Indices listed in point (4) above)	1:10	10%
7. Shares	1:5	20%
8. Cryptocurrencies	1:2	50%

ii. **Professional Clients**

Professional Clients	
CFD Underlying Asset	**Leverage**
Major Currency Pairs	Up to 1:400
Forex non-major (i.e. a currency pair composed of at least one currency that is not listed in point (1) above)	Up to 1:400
Gold	Up to 1:100
Major indices	Up to 1:20
Commodities (All except Gold)	Up to 1:10
Non-major indices (All except Major Indices listed in point (4) above)	Up to 1:10
Shares	Up to 1:15
Cryptocurrencies	Up to 1:2

Please visit our Website www.evest.com regarding all financial instruments/ underlying asset classes which may be offered by us and the applicable maximum leverage limit based on each category of products. The maximum applicable ratios at any point in time can be found in the Website www.evest.com .

9. KEY TERMS - LEVERAGE TRADING AND MARGIN

9.1. 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. The risk of CFDs is magnified by the leverage of the CFD. The impact of leverage becomes higher when the value of the underlying asset of the CFD is volatile.

Please see below an explanation on our "Negative Balance Protection" where we guarantee that you cannot lose more funds than the funds in your trading account.

The leverage is specified as a ratio, for example 1:2, 1:5, 1:10, 1:20, 1:30, and we reserve the right to introduce additional leverage levels (subject to any applicable leverage restrictions). Sometimes the Leverage is expressed in percentage terms – and referred to as Margin requirement.

For example: Leverage of 1:10 is a margin requirement of 10%.

Leverage of 1:20 is a margin requirement of 5%

Example: If the leverage is 1:20 and if you as our client have $1,000 in your account, it means that you can now open trades worth $20,000.

9.2. 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 1.1615 against 1.1618, then the spread is 3 pips.

9.3. What is Initial/ Required Margin?

Also known as the Initial Margin Requirement, the Initial Margin is the amount the Client will have to pay as collateral in order to open and maintain a position.

The leverage limit implies the percentage of the initial total exposure that the Client is required to post as an initial margin in order to open a position.

Example: A leverage limit 1:5 on the opening of a CFD requires the client to post initial margin of at least 20% of the initial total exposure of the CFD.

9.4. What is Equity?

In short, Equity can be defined as the value of your portfolio with us. Effectively it is the value of your funds with the Company (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.

9.5. 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 Term and Conditions/Client Agreement between you and us, it is your responsibility to monitor at all times the margin level and take relevant actions.

Relevant actions that you can take to restore your Margin Level include:

- Closing or hedging some of your open positions.
- Depositing more funds that can help in averaging down your position.

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.

9.6. 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.

9.7. 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" and is the same as the Close Out we refer to above. If your Maintenance Margin reaches 50%, one or more of the open positions are closed automatically by the Company, starting from the position with the highest losses.

Example: You have an open position on EUR/USD with used margin of $500. Your Balance is $10,000 and your Equity $900. This means that your maintenance margin is at 180% (Equity of $900 divided by Margin used of $500). If your floating loss reaches $9,750 this means that your equity will become $250. Therefore, your maintenance margin will be 250/500 = 50% and a Margin Close Out will take place.

9.8. 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.

Example: You open a position of 10,000 EUR/USD at 1.1175.

Assume that the initial margin requirement is 3.33% (i.e. a leverage of 1:30). The margin used for your position is calculated as follows: (10,000*1.1175)/30 + 10,000*0.0002= $374.5

In addition, you open a position of 100 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: (100*107.7)/5 + 100*0.07 = $2,161.

Therefore, the total Used Margin that you see in your account with us is $374.5 + $2,161=$2,535.5.

9.9. What is Margin Level?

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

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

The margin requirement is specific for each asset class/instrument.

Example: Your Equity is: $1,000 and you wish to open a 1 lot Buy position of USD/CHF

Margin requirement: If for the USD/CHF pair, the margin requirement is 3.33% which equals $3,330. Margin Level %: ($1,000 / $3,330) * 100 = 30 %

9.10. Our Margin Level Policy – Margin Close-Out Protection

We advise you that it's your sole responsibility to monitor the margin level of your positions in real-time via your MT5 terminal or web trading platform or your mobile/ tablet app.

Margin Call – It is applied when the margin posted in the Client's account falls below the minimum margin requirement. The Company issues a Margin Call notification which is sent to the Client as an early warning of the performance of the open positions. In this case, the Client will have to either increase the margin that he has deposited or close out his position(s). A margin call occurs when your margin level falls below 75%.

Margin Close-Out Protection/ Stop out – At this point, one or more of the trader's active trades are closed automatically, starting from the least beneficial trades, because the accounts margin level has dropped to a point where it can no longer support loss from open trades. Our Stop out occurs when the margin level of the account is less than or equal to 50%.

As mentioned above, the 50% margin level is the minimum margin you need to maintain for an open position. Subject to any applicable restrictions, we reserve the right to change this minimum margin level at our discretion in anticipation of evolving market conditions.

Should your equity fall below the minimum margin level of 50%, then we reserve the right to liquidate all or a part of your open trades and close any open positions, until your account equity rises above the 50% margin level. We will liquidate positions starting from the position with the highest loss. 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.

10. NEGATIVE BALANCE PROTECTION

We offer Negative Balance Protection to our Retail Clients. ''Negative Balance Protection'' means the limit of a client's aggregate liability for all CFDs connected to a CFD trading account with us to the funds in that CFD trading account. This means that our clients will never lose more than the funds in the client account with the Company.

11. OFFERING CFDs IN CERTAIN JURISDICTIONS

Some financial instruments 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 Company's Terms and Conditions. The Policy does not constitute an offer, invitation or solicitation to buy or sell financial instruments.

12. QUERIES

For any further queries regarding this Policy, please contact our Customer Support Team through the Chat at our web site or via email back-office@grandissecurities.com.cy .