



# OEXN Leverage and margin policy

VERSION 1, OCTOBER, 2022



## Contents

Introduction .....	3
Scope.....	3
Legal and regulatory framework; approval by our board of directors .....	3
Applicability .....	3
Commitment.....	3
Leverage ratios for different asset classes and financial instruments and client categorization.....	4
Leverage during extreme market conditions.....	5
Key terms - leverage trading and margin .....	5
What is Leveraged Trading? .....	5
Margin Requirements .....	6
Margin Requirement Levels .....	6
Stop Out level / Margin Close Out .....	6
Margin calls .....	6
Negative balance protection .....	7
Conflicts of interest.....	7
Offering CFDs in certain jurisdictions .....	7
Applicable language.....	7



## Introduction

OEXN Ltd (“OEXN”, the “Company”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number XXXXXX obtained on XXXXXXXX. The Company is located at 1 Kalymnou office 602, 6037, Larnaca. The registered address of the company is 106 Gladstonos, 3031, Limassol, Cyprus.

## Scope

This Leverage Policy (the “Policy”) is prepared in accordance with Circular C271, which has been issued by the Cyprus Securities and Exchange Commission (the “CySEC”) on 4 June 2018 pursuant to the European Securities and Markets Authority Decision (EU) 2018/796 to implement product intervention measures on Contracts for Differences (“CFDs”) and Binary Options in the Union.

This Policy sets out the leverage and margin levels and procedures applicable to contract for difference (“CFD”) transactions between the Company and its Clients.

## Legal and regulatory framework; approval by our board of directors

This Leverage 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. This Leverage Policy (the “Policy”) is issued pursuant to, and in compliance with ESMA’s Publication ESMA 35-43-1000, dated 27 March 2018, the European Directive 2014/65/EU on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II), and the Cyprus Investment Services and Activities and Regulated Markets Law 87(I)/2017. In this Policy, we collectively refer to all the above legislations, regulations and guidelines as “Regulations”.

The Company is obligated to review the Policy once a year, and where relevant amendments need to be made, the Company’s Compliance function shall be responsible for the update of the Policy, prior to its submission at the Board of Directors for approval.

## Applicability

This Policy applies to the Company’s execution of orders on behalf of Retail clients and Professional clients according to the Regulations and Laws, as defined. This Policy does not apply to Eligible Counterparties as the Cyprus Investment Services and Activities and Regulated Markets Law 87(I)/2017 defines.

## Commitment

Treating Customers Fairly is vital to our corporate culture, ethos and attitude. 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, the Company is required:

- a. to apply regulatory requirements and caps as set by CySEC;
- b. 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;
- c. to have regard to our duty to treat you fairly by avoiding aggressive leverage practices towards you;
- d. to have regard to the underlying performance fundamentals of the financial 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 the 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.

- e. 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.

## Leverage ratios for different asset classes and financial instruments and client categorization

**For Retail Clients**, a lower leverage limit which cannot exceed a default level of 1:30 applies based on ESMA's product intervention measures on Retail Clients which applies from 1st of August 2018.

CFDs relate to underlying asset classes and financial instruments. We set out here below these classes together with the leverage levels we make available through our trading platform:

Class of Assets	Example of instruments	Maximum Leverage
CFDs on Major currency pairs	Currency pairs consists of USD, EUR, GBP, CAD, CHF.	Up to 1:30
CFDs on Minor currency pairs, Exotics, Gold (XAU), Major Indices	CAC, FTSE, DAX, DOW, S&P500, NASDAQ, NK, EURO STOXX50, ASX	Up to 1:20
CFDs on Commodities (all except Gold), minor indices (all except Major Indices), Energies, Futures	WTI Crude Oil, Hong Kong 50 Index	Up to 1:10
CFDs on Shares, Bonds	AAPL, IBM	Up to 1:5

**Professional Clients**, will have the option to trade with higher leverage on specific assets.

For more information regarding the Company's client categorisation please read our Client Categorisation Policy.

Class of Assets	Maximum Leverage
CFDs on Major and Minor currency pairs	Up to 1:200
CFDs on Exotic currency pairs	Up to 1:200
CFDs on Commodities	Up to 1:200
CFDs on Indices	Up to 1:200
CFDs on Shares	Up to 1:20
CFDs on Bonds	Up to 1:100

Note that certain jurisdictions may apply a cap on leverage ratios irrespective of the Company's client



categorization.

The applicable leverage ratios at any point in time can be found at: <https://www.oexn.com>

## **Leverage during extreme market conditions**

During expected extreme volatility (e.g. in periods of news announcements or geopolitical events such as elections or referendums) the offered Leverage may be reduced to the levels decided by the Risk Manager along with the Company's Management.

We reserve the right to reduce leverage ratios for CFDs in financial instruments that may be the subject of actual or anticipated corporate actions, with or without notice to you, in order 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 actions you consider appropriate

## **Key terms - leverage trading and margin**

### ***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 specified as a ratio, such as 1:10, 1:25, 1:50, 1:100, or 1:200. 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 1:100 is a margin requirement of 1%.

Example: If the leverage is 1:200 and if you as our client have \$1,000 in your account, it means that you can now open trades worth \$200,000.



## ***Margin Requirements***

Customers must always maintain the Minimum Margin Requirement on their Open Positions.

The Company 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. In order to prevent any confusion, the Company, at its best effort, will inform customers about any projected changes on Margin Requirements by email and via the messaging system of the trading platform at least a week before changes are implemented.

## ***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 A:

35,000 EUR/USD position at 1.4000

Answer:

$35,000 \times 1.4000$  (dollar value of 1 Euro)/200(maximum leverage) = \$245

Example B:

What is the margin requirement of 1,400,000 USD/JPY position?

Answer:

1,400,000 has a 0.5% margin requirement (200:1 leverage) which equals: \$7,000

## ***Stop Out level / Margin Close Out***

A stop out level is a specific point at which all of a trader's active positions will be closed automatically at market prices, because of a decrease in their margin levels, meaning that they can no longer support the open positions.

When the Margin Level reaches 50% (ratio of equity to Margin in the Client Account), the Client positions will start closing automatically at market prices (Stop Out level of 50%) and the Company has the right to refuse a new Orders.

## ***Margin calls***

If you are a OEXN.eu Web/Mobile Trader platform client and if the value of your Equity falls below 70% of the Used Margin, we will send you an email and/or any other notification.

Note that if you are an MT5 client, you will not be receiving any specific notifications at the 70% level. Therefore, customers are advised to log into their trading platform on a regular basis to ensure they monitor their margin level of their positions. Please note that this is an additional service from us to you and does not create any obligation or responsibility on us, for either the performance of your trading account, or for



notifying you of the current margin level and the action that you may wish to take. Please monitor the performance of your positions on an ongoing basis. Once an account reaches a Margin Call warning level, it is possible that the margin level could increase above 100%. 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. Closure of positions will be done based on best execution prices available on OEXN.eu at that time.

We reserve the right, acting reasonably, to change at our discretion and with or without prior notice to you, the minimum Margin / Close Out level, in anticipation of evolving market conditions. We do not have any obligation and we will not be notifying you of the execution of the Close Out when the Close Out level is at 50%.

Customers are responsible for placing their own Stop Loss Orders to minimize losses. In addition, OEXN.eu may, from time to time and at our best effort, contact Customer and request that Customer deposit additional Collateral to secure Customer's obligations to OEXN.eu. Any call for additional margin shall not be deemed precedent for future calls nor future waiver of liquidation rights by OEXN.eu.

## **Negative balance protection**

Due to volatile market conditions, in order to increase investor protection, the Company has established its negative balance protection policy which in the event that a negative balance occurs in clients' trading account(s) due to stop out, will make a relevant adjustment to cover the full negative amount. Negative balance protection aims to ensure that the maximum loss of the Client at any point in time shall never exceed Client's available funds.

## **Conflicts of interest**

In line with our culture and policy of treating customers fairly, we hereby remind you that we may be the counterparty to your trade. This means that when your Initial Margin reduces, in those cases where we may be the sole counterparty to your trade, then any losses that you incur may reflect profits for our account. Correspondingly, if you register profits for your trades, in such cases we incur losses.

## **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.

## **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 always binding on OEXN Ltd.