

ADMIRAL MARKETS CYPRUS LTD LEVERAGE POLICY

Valid as of 25 April 2017

1. Introduction

Admiral Markets Cyprus Ltd (hereinafter, the “Company”) has established a **Leverage Policy** (hereinafter “**Policy**”). The Policy is in accordance with the requirements of:

1. 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,
2. The questions and answers of ESMA/2016/1165 relating to the provision of CFDs and other speculative products to retail investors under MiFID.

The purpose of this Policy is to determine the default leverage provided to the Company’s clients and identify the conditions under which it’s clients may be provided with a higher leverage than the default one.

2. Policy

2.1. General Leverage Terms

1. All clients shall be provided with tiered margin requirements with different leverage rates applied to different tiers of the exposure on particular instruments or instrument groups (for further details on exposure tiers and respective leverage rates please refer to the Company’s website).
2. Lower exposure is provided with higher leverage and higher exposure is provided with lower leverage, which provides an extra degree of protection from excessive exposure risks.
3. Products with overnight trading hours are provided with higher maximum leverage rates than products with daily session breaks, which provides an extra degree of protection against price gaps.

4. Products with higher liquidity are provided with bigger exposure tiers, while products with lower liquidity are provided with smaller exposure tiers, which provides an extra degree of protection from the risks connected to limited liquidity.

2.2. Maximum Leverage

The Company has assessed a multitude of factors in establishing the maximum leverage thresholds for each category of underlying instruments. Such factors include, among others:

- 1) the prevailing regulatory framework and the input of the Compliance Officer.
- 2) the Company's own experience with clients.
- 3) the capital base and financial strength of the Company.
- 4) the risk appetite of the Company.
- 5) the robust nature of the Company's risk management systems, procedures and policies.
- 6) the asset class and instrument characteristics including but not limited to: liquidity and trading volumes, volatility and standard deviation, market cap, country of issuer, hedging capabilities, general economic climate and geopolitical events.

2.3 Default Leverage

Clients who have been classified as "retail clients" upon establishing a business relationship with the Company shall be provided by default with the leverage capped at 1:50, unless provided otherwise in section 2.4 below.

2.4. Conditions under which clients may be provided with a higher leverage than 1:50

1. Clients who have been subjected to the appropriateness test and have passed it, and the Company has assessed that the financial instruments and investment services it offers are appropriate for them may be provided with an option to increase their leverage for the first tiers of exposure on different products up to a maximum of:
 - a) 1:500 for CFDs on currency pairs (other than listed below).
 - b) 1:500 for CFD products with overnight trading hours.
 - c) 1:200 for CFD products with daily session breaks (other than listed below).
 - d) 1:100 for CFDs on platinum, palladium and China A50 index futures.
 - e) 1:25 for USDRUB and EURRUB.
 - f) 1:10 for CFDs on single shares.

For further details refer to the Company's website at www.admiralmarkets.com.cy

2. Clients may apply to the Company by e-mail requesting an increase of the maximum leverage.

Whenever clients apply for an increased leverage, the Company shall warn such clients that the financial products and investment services offered by the Company may not be appropriate for them and shall increase the leverage as per requests of said clients up to the levels indicated in 2.4.1 if the following conditions apply, cumulatively:

- a) Client have been registered with the Company at least 6 months prior to requesting a leverage increase or have provided a statement of a live account with another provider of the leveraged products clearly showing no less than 6 months of trading activity.
- b) Client have made at least 50 round turn trades on his/her accounts with the Company or have provided a statement of a live account with another provider of the leveraged products showing no less than 50 round turn trades.
- c) Client have confirmed that he/she understands the Company's warning but nevertheless is expressly willing to increase the leverage.

The company reserves the right to request additional documents in order to make sure that provided account statements are related to live accounts, including, but not limited to, bank statements clearly showing the financing transaction of an account in question.

2.5. Conditions under which clients may be provided with a limited maximum leverage

1. Clients who have been subjected to the appropriateness test and have failed it and the Company has assessed that the financial instruments and investment services it offers are not appropriate for them shall not be provided with the maximum leverage exceeding 1:50 on any products (or leverages indicated in 2.4.1 e) and f) for products with lower leverage caps).
2. The maximum leverage for our retail clients residing in Poland cannot exceed the cap of 1:100 in no event.

2.6. Leverage Adjustments

1. All clients can decrease the maximum leverage rate available to their accounts via account settings in Trader's Room.

2. Clients who have the leverage rate increased by any of the above means to any level above the default leverage of 1:50 may increase the maximum leverage further up to the maximum levels provided above in 2.4.1 via account settings in Trader's Room.
3. Whenever a client attempts to decrease the leverage from any level above 1:50, the Company shall conclude that this client has been earlier classified as experienced and will notify such client that it is recommended to close all open positions before confirming this action, or otherwise to make sure that account will meet the increased margin requirements that will be applied upon the change of maximum leverage.
4. Whenever a client who haven't been provided with higher leverages than default one earlier attempts to decrease the leverage, the Company shall assume that this client is potentially inexperienced, shall notify him/her that it is required to close all open positions prior to this action and will not allow to proceed further unless client's account meets this requirement.