



Leverage Policy

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Notely Trading Ltd (hereafter the “**Company**”, “**we**”, “**our**”), with headquarters at 67, Spyrou Kyprianou, Office 101, 4042 Limassol Cyprus, is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “**CySEC**”) under license number 383/20.

The Company shall endeavour to provide over-the-counter (“**OTC**”) contracts for differences (“**CFDs**”) to our clients (hereinafter referred to as the “**Client**”, “**you**”, “**your**”) in compliance with the applicable laws and regulations. You hereby acknowledge, understand and agree to the below.

Legal and Regulatory Framework

This Policy is issued pursuant to, and in compliance with the requirements of EU Directive 2014/65/EU on Markets in Financial Instruments (“**MiFID II**”), EU Regulations on Markets in Financial Instruments (“**MiFIR II**”) and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law that transposed MiFID II into Cyprus legislation.

Furthermore, this Policy complies with the Circulars issued by CySEC pursuant to the Guidelines, and/or the Questions and Answers Document of the European Securities and Markets Authority (“**ESMA**”) with respect to the [provision of CFDs and other speculative products to retail investors under MiFID](#).

Scope

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. Subject to the provisions of Section 5(c) of this Policy, the default leverage for retail clients is set at the 30:1.

The Company should use the leverage to the best interest of the Client. As such, the Company’s use of leverage should be as follows:

1. Capital Base and Financial Strength of the Company

The Company shall always comply with the Capital Requirements regulatory framework and the leverage ratios allowed to its Clients shall not inhibit in any way the Company from complying with the minimum capital requirements as set in the relevant regulatory framework.

2. Risk appetite and risk management of the Company

The Company shall follow the risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems when it will be setting the percentage of the leverage ratio allowed to its Clients. The Company shall ensure that the leverage ratios allowed to Clients are always in line with the Company's risk appetite and risk management policy.

3. Asset class and instrument characteristics

In order to reflect the varying risk and volatility in different asset classes and instruments, the Company has divided the financial instruments it offers into the categories mentioned on the Client's dashboard, with the corresponding maximum leverage ratios that can be provided to Clients, after taking into consideration all the factors mentioned in this Policy.

4. Clients' financial knowledge and experience

The Company considers the Clients' knowledge and experience prior to allowing a Client to use leverage. More specifically all retail clients receive the default leverage limit which is 30:1 (unless the maximum allowed leverage for a particular financial instrument is lower than 30:1 as indicated on the Client's dashboard). In case a Client wishes to obtain a higher level of leverage, the Client should submit a request to the Company.

If the Client fails, or is not seen as suitable, in the Appropriateness and Financial knowledge test, the Client will be requested to start with our Academy and/or a demo account before start trading with real money.

5. Negative Balance Protection

The Company has established a negative balance protection policy which in the event that a negative balance occurs in the Clients' trading account due to stop out and/ or extremely volatile market conditions, then a relevant adjustment to cover the full negative amount will be made.

6. Margin Close Out

The Company will apply margin close-out protection to retail client accounts that hold open CFD position. A margin of up to 50% is required at which the Company will automatically close one or more positions at market prices where stop out level is reached. Furthermore, by applying the close-out rule at 50% margin call, limits the risk of any substantial loss by a retail client when the sum of funds in the trading CFD account and the unrealised net profits of all open CFDs connected to the Client's account falls to less than half of the total initial margin protection (requirement) for all those open trades on CFDs.

7. Initial Margin Protection

Initial margin protection will be applied to retail client accounts that hold CFDs position. The leverage limit will protect retail client by requiring them to pay a minimum initial margin in order to trade CFDs and limits the risk exposure of the amount of money to be invested by the Client. Initial margin protection may reduce the probability of Client losses compared to those that would be expected if the Client were to trade CFD at higher leverage.

8. Restriction on incentives

Restriction on the incentives offered to trade CFDs. The retail client should not be provided with any direct or/ indirect a payment, monetary or excluded non-monetary benefit(s) in relation to the marketing, distribution or sale of CFDs, other than the profits recognised on any CFDs provided by the Company. Such marketing features and sales techniques referred to above when offering CFDs to Clients include bonuses and reduced cost (e.g. spreads or fees), especially clients depositing money on the account or on executing a certain volume of trades.

9. Standardised risk warning with specific format

A standardised risk warning with specific format, including the percentage of losses on CFDs will be introduced to retail clients. Any direct or indirect communication to or/ published information accessible by retail clients relating to the marketing, distribution or sale of a CFDs must include the appropriate risk warnings to comply with the applicable regulatory requirements. Such risk warnings are expected to assist a retail client in making an informed decision about trading CFDs considering it is a high-risk product that is more likely to result in a loss than a gain.

10. Categorization

Experienced retail clients are Clients that score high marks in our appropriateness test, demonstrating satisfactory knowledge and experience when trading in complex financial instruments like CFDs. Any Clients who are considered as experienced based on their results in the appropriateness test, a default leverage of 30:1 will be given. Experienced retail clients have the choice to change the leverage ratios they trade subject to the caps that we may apply based on our internal principles of risk appetite and tolerance, as well as the maximum allowed leverage for the respective financial instrument category. The Company reserves the right to introduce additional leverage levels. If a Client requests a higher leverage, the default leverage can be increased provided that such an increase is justified based on the profile of the Client.

No experience retail clients are Clients who fail the appropriateness test. Such Clients are directed towards educational tools, webinars or demo trading platforms with the aim of improving the Client's knowledge and experience to trade CFDs or other speculative products. The Client shall not be allowed to trade on Real account on condition that they must take and pass the appropriateness test to be able to trade on Real account. The Company should subsequently conduct another

appropriateness test before determining whether the product or service is appropriate for the Client.

Where a retail client demonstrates limited or no actual experience of trading in CFDs, whether or not the Client passed the appropriateness test, it may be in the Client's best interest, if the Company chooses to direct the Client towards educational tools, webinars or demo accounts to improve knowledge and experience to trade CFDs or other speculative products. Depending on the Client's knowledge and experience gained cover trading on demo accounts registered with us, the leverage ratio in any one transaction may be limited for a period of time, that is, to a much lower level based on regulatory or the Company's internal risk management policies and the maximum allowed leverage for the respective financial instrument category.

11. Changing the default leverage

In case an Experienced retail client wishes to either increase or decrease his maximum allowed leverage provided by the Company, it can be done automatically from the Dashboard or the Trading Platform under account settings. In case an Experienced Retail Client wishes to request for a higher leverage than the default leverage of 30:1, the Client may still change under account settings and choose a higher leverage, but before the new leverage is granted to the Client, the Company will assess the factors mentioned in section 10 of this policy and will approve or reject such request accordingly.

If a client for instance choose 50% of maximum leverage, it means that the leverage will be 50% of the maximum allowed leverage as indicated on the Client's dashboard.

12. New traders

The Company shall limit new trader client's leverage to a maximum of 30:1. Trading with a very high leverage ratio is one of the most common errors committed by new traders. Therefore, until the Client becomes more experienced, the Company recommends to the Client to trade with a lower leverage ratio. The information gathered regarding the Company's Clients are used in a manner which is in the Client's best interests.

13. Policy Review

The Company reserves the right to review and/or amend this Policy at its sole discretion, whenever it deems fit or appropriate by law, and the revised Policy will be uploaded on the Company's Website.

Your continued use of our services, following any notification of such amendments, constitutes your acknowledgement and consent to such amendments to this Policy and your agreement to be bound by terms of such amendments.