

LEVERAGE POLICY

1. Introduction

X GLOBAL Markets Ltd (hereinafter called the “Company”) is a Cyprus Investment Firm incorporated under the laws of Cyprus, which has its principal place of business at 162, Fragklinou Rousvelt, 1st Floor, CY-3045 Limassol and registered with the Registrar of Companies in Nicosia under the number HE 291958. The Company is regulated by the Cyprus Securities and Exchange Commission as a Cyprus Investment Firm (CIF) under the License Number 171/12. The Leverage Policy (hereinafter called the “Policy”) is provided to Clients or potential clients in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law of 2007 (No. 144(I)/2007), implementing Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments (“MiFID”) as amended by the Directive 2006/31/EC of the European Parliament and of the Council and 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).

The Policy complies with Circular C271 which has been issued by CySEC on 4 June 2018 pursuant to ESMA’s product intervention decision on CFDs and Binary Options issued on 1 June 2018 which decision starts to apply from 1 August 2018 for CFDs.

2. Aim

The Leverage Policy (the “LPO”) of the Company aims to address and set relevant leverage related requirements and arrangements in relation to the Company’s risk emanating from the leverage offered to clients. The aim is achieved by enforcing strictly the following steps outlined below and modifying the latter when so required as per this remaining section.

Notes for specific retail EU Countries:

- All Spanish clients are limited to 1:10, except in cases where the specific risk warnings have been implemented.

Factors:

In general, the LPO takes into consideration the following broad categories of factors:

- I. The regulatory requirements imposed on the maximum Leverage applicable to the

clients located in European Union Member States.

- II. The capital base, financial strength, risk appetite and risk management of the Company.
- III. The result of the appropriateness test which is applicable for all retail clients.
- IV. The asset class and instrument characteristics, including among others liquidity and trading volumes, volatility and standard deviation, market cap, country of issuer, hedging capabilities, general economic climate and geopolitical events.

3. Updates/Changes

The Compliance Officer and Risk Manager monitor for notable changes capable of affecting the Company or otherwise relevant to the Company, and when such occur, the Compliance Officer and Risk Manager provide their update/proposal of changes to the LPO to the Risk Management Committee or the Board of Directors (“BoD”); final approval is made by the BoD. Once approved by BoD, the Company must inform all clients about those contents of the LPO relevant to them.

4. Rules for system implementation

Further to the Company’s obligation and responsibility to comply with the provisions of the CySEC Circular C168 and relevant ESMA Q&A, and following the formal adoption of measures on CFDs by ESMA on the 1st of June 2018, the Company has designed and adopted the attached Leverage Policy that sets the new rules and specifications in line with the new regulatory prerequisites. We recommend you read the Leverage Policy for a better understanding and interpretation of the introduced changes.

For the proper and effective implementation of the changes described in the policy, we have analyzed the Company’s systems and we have created the following set of rules to assist you with the automation of the changes:

Rules for automation

- A. All **retail** clients that demonstrate the appropriate knowledge and experience during the registration process shall have the following maximum leverage settings on their account

Instruments	New Maximum Leverage
Major currency pairs	1:30
Non-major currency pairs, gold and major indices	1:20
Commodities other than gold and non-major equity indices	1:10
Individual equities and other reference values	1:5
Cryptocurrencies	1:2

Please note that margins requirements can vary between symbols in the same asset class and therefore the above are affected.

- B. Clients that fail appropriateness test are directed towards educational tools, webinars or demo accounts so that they improve their knowledge and experience to trade CFDs or other speculative products and familiarize themselves with such trading. However, if the Company chooses to allow the client to proceed with his/ her standard account (not a demo account), then the Company should limit the level of leverage available to that client and/ or limit the sum that the client can invest, in any one transaction for a period of time (i.e. in his/ her first 6 months of trading). The Company should subsequently conduct another appropriateness test before determining whether the product or service is appropriate for the client.

Also, clients are provided with a Risk Disclaimer, example below:

Disclaimer: On the basis of the information you have provided us with, we do not consider that trading in forex and CFDs is appropriate for you. Should you wish to continue to open a trading account your leverage will be limited to 1:5. We recommend undergoing some education on leveraged forex and CFD trading and opening a demo account in order to get a better understanding of our products.

I acknowledge your warning that trading in forex and Contracts for Difference is not appropriate for me, but I wish to proceed with my application nonetheless. I confirm that I understand the risks associated with forex and CFD trading.

- C. In order to pass the appropriateness test the client provides information on their person from

the sections below and give a score out of 100 (as per the relevant Annex):

- Trading Experience
- Trading Knowledge
- Work / Educational Experience

Clients that pass the appropriateness test will not be re-assessed.

5. 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 up to 1:200 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.

Instruments	Maximum Leverage
Currency pairs	1:200
Gold and Silver (Spot)	1:50
Indices	1:100
Commodities	1:50
Cryptocurrencies	1:3

Please note that margins requirements can vary between symbols in the same asset class and therefore the above leverage levels are affected.