

# **IFCM CYPRUS LIMITED**

## Leverage Policy

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**IFCM Cyprus Limited**

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# **LEVERAGE POLICY**

## **1. Introduction**

IFCM Cyprus Limited (former Infin Markets Ltd) (hereinafter, the "Company") having its registered address situated at 6 Marinou Geroulanou, 4154 Kato Polemidia, Limassol, Cyprus has established a Leverage Policy (hereinafter, the "Policy") which is in accordance with the requirements of:

- a) 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,
- b) The question and answer 1 of Section 8 of ESMA/2016/1165 relating to the provision of CFDs and other speculative products to retail investors under MiFID.

The purpose of the present policy is to determine the default leverage granted to the Company's clients and identify under which conditions clients may be granted higher leverage than the default. The company is offering excessive leverage to retail clients (in accordance with [Question and Answer 1 of Section 8 of ESMA/2016/1165](#)), which is in the interests of retail clients. The Company establishes a Leverage Policy which is approved by the Board of Directors and designs its trading systems in a way that offers their retail clients the most prudent leverage option as a default.

## **2. Policy**

### **2.1 Default leverage**

Clients, who have been classified as "retail clients" upon establishing a business relationship with the Company, shall be granted with a default leverage of 1:50. Only clients that explicitly ask for higher leverage can be presented with an appropriateness test that will determine whether they are suitable to trade with lower margin requirements.

### **2.2 Conditions under which clients may be granted higher leverage**

#### **2.2.1 Clients who pass the appropriateness test**

Clients who have been subjected to the appropriateness test and the Company has assessed that the financial instruments and investment services it offers are appropriate for them may be given the option to increase their leverage up to a maximum of 1:400. For some trading instruments, leverage can be limited under the maximum leverage. Maximum leverage limits for certain instruments can be found in the website of the Company. Also, margin requirements depend on the equity of the account. For further details, please refer to the website: <https://www.ifcmarkets.eu/trading-conditions/ntx-margin>

If a client requests leverage exceeding 1:50, IFCM Cyprus Limited will assess his/her profile information according to the appropriateness test.

### **2.2.2 Clients who fail the appropriateness test**

Clients who have been subjected to the appropriateness test and the Company has assessed that the financial instruments and investment services it offers are not appropriate for them shall not be allowed to increase leverage beyond 1:50.

### **2.3 Margin requirements and closing Client's positions**

The client must always supply enough margin to maintain any open position.

In order to avoid any client liabilities towards the Company, the Company reserves the right to close one or several client's positions if there are losses over them. Closing may be performed if margin level reaches or falls under the certain level published on the Company's website: <https://www.ifcmarkets.eu/trading-conditions/accounts>.

The Company reserves the right to change its margin requirements without the preliminary notice.

### **2.4 Negative balance protection**

Using excessive leverage significantly heightens the danger of the client's account ending up in a considerable negative balance.

#### News Gap and Break Gap Trading Abuse

All products which are available for trading have a break intraday, daily or weekly. There may be situations where the last price before the break and the first price after the break may be significantly different, also known as "gap". This signifies that there are no tradable prices in that range.

Gap can also be created due to market news or any other market influential factor. IFCM Cyprus LTD takes pride in offering negative balance protection to protect and enhance the trading of its clients in accordance with CySEC [Circular C168](#). By using the Company's Services, it is ensured that the maximum loss will not exceed the total amount of the invested capital deposited for Transaction purposes. However, it is prohibited to use this feature in bad faith. Examples where this feature can be used in bad faith are listed below but not limited to:

- a) Trades opened few minutes/seconds before the break or news release, in an attempt to generate profits without the risk of market moves,
- b) Trades that are considerably large as compared to the balance of the account, in an attempt to either generate profits or end up in a negative balance,

- c) Simultaneous positions in the opposite direction (pending or marker orders), indicating no interest in the market direction but interested in generating profits due to negative balance.

## **2.5 Maximum leverage**

The maximum leverage the Company will offer shall be determined by the Risk Manager in coordination with the Compliance Officer after his/her suggestion to the Board of Directors who shall either approve or reject by justifying their decision the Risk Manager's suggestions. The Risk Manager when setting the maximum leverage to be provided to clients shall take into account the following factors:

- a) The capital base and financial strength of the Company;
- b) The Risk Appetite of the Company;
- c) The asset class and instrument characteristics including but not limited to:
  - i. liquidity and trading volumes,
  - ii. volatility and standard deviation,
  - iii. market cap,
  - iv. country of issuer,
  - v. hedging capabilities,
  - vi. general economic climate and geopolitical events.

The Company shall keep statistical records with the outcome of the appropriateness assessment performed to clients (e.g. how many clients have succeeded or failed the appropriateness test, how many clients have proceeded, or not, with transactions, despite having failed on the test).