
Leverage Policy

Skilling Limited

May 2023

1. Introduction

- 1.1. Skilling Limited (“we”, “us”, or “our”) is a private limited liability company incorporated under the Cyprus registration number HE373524 and regulated by the Cyprus Securities and Exchange Commission (hereinafter the “CySEC”), under licence number 357/18, with its registered office at 62 Athalassas Avenue, 2nd Floor, Office 22, 2012 Nicosia, Cyprus. For the purposes of these Terms references to “you”, “your”, or “client” refer to you, unless otherwise stated.
- 1.2. 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.
- 1.3. Fair treatment of customers is critical to our company culture, ethos, and attitude. When dealing with our clients, the Company has a responsibility to operate honestly, fairly, professionally, and in their best interests. The default leverage for retail clients is set at 30:1 to 2:1, which is the asset class and underlying financial instrument of the CFD, subject to the conditions mentioned in this Policy.
- 1.4. For client protection and satisfaction, you should take time to carefully read this Agreement as well as any other policies, additional documents and information available to you through our website prior to opening a trading account with us. By default, you must read, agree and accept all the General terms and conditions set out below, and any additional documents incorporated herein by reference before you establish a Business relationship with us (without modifications).
- 1.5. If you have objections to any of these general terms and conditions, or any part thereof, and/or if you do not agree to be bound by these general terms and conditions, or any part thereof, do not access and/or use our online trading facility in any way and inform us in writing immediately.
- 1.6. By accepting this Agreement, you agree to be bound by these terms and conditions and our Terms of Business (including any schedules, annexes, exhibits, amendments and/or side agreements, if any) that apply to your account and are always subject to any applicable laws. In the event of any conflicts or inconsistency between our Terms of Business and this Agreement, our Terms of Business shall prevail.
- 1.7. The leverage should be used in the best interests of the client. As a result, the Company's use of leverage should adhere to the criteria outlined below:

2. Capital Base and Financial Strength of the Company

- 2.1. 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.

3. Risk appetite and risk management of the Company

- 3.1. 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.

4. Asset class and instrument characteristics

- 4.1. 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.

5. Clients' financial knowledge and experience

- 5.1. 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.
- 5.2. If the Client fails, or is not seen as suitable, in the Appropriateness and Financial knowledge test, the Client will be requested to take advantage of our Academy and/or a demo account before starting trading with real money.

6. Negative Balance Protection

- 6.1. 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.

7. Margin Close Out

- 7.1. The Company will apply margin close-out protection to retail client accounts that hold open CFD positions. A margin of up to 50% (equivalent to 200% of the Client's 'Usage') 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 (equivalent to 200% of the Client's 'Usage'), 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 (protection) for all those open trades on CFDs.
- 7.2. The Margin close out is calculated and as shown in the trading platform: $\text{margin used}/\text{account balance} = 200\%$ stop out (equivalent, $\text{account balance}/\text{margin used} = 50\%$ stop out).

8. Initial Margin Protection

- 8.1. Initial margin protection will be applied to retail client accounts that hold CFDs position. The leverage limit will protect retail clients by requiring them to pay a minimum initial margin in order to trade CFDs and limit 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.

9. Restriction on Incentives

- 9.1. Restriction on the incentives offered to trade CFDs. The retail client should not be provided with any direct or/ indirect 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, especially clients depositing money on the account or on executing a certain volume of trades.

10. Client categorization and Leverage Use

10.1. Retail clients

- 10.1.1. **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, by default maximum leverage of 30:1 to 2:1 depending on the asset class and the underlying financial instrument of the CFD 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 as shown in the below table under point 12 (II).
- 10.1.2. If a client requests a higher leverage, it is on the sole discretion of the Company to increase the default maximum leverage of 30:1 to 2:1 depending on the asset class and the underlying financial instrument of the CFD provided that such an increase is justified based on the profile of the client, and fulfil the conditions with the applicable laws.
- 10.1.3. It should be noted that, Experienced retail client can request higher leverage through subsequently submitting a written request for client reclassification to Elective professional (from retail), and he/she must satisfy the requirements of the applicable Regulation.
- 10.1.4. **No experienced retail clients** are clients who fail the appropriateness test (or scored low points). The Company recommends that 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 Company will also provide an explicit risk warning to the clients with no experience or acknowledgement, and obtain consent that the investment service or product was assessed by us as being inappropriate for the client.
- 10.1.5. We will maintain records of clients who requested to proceed with the trading on Real account despite having failed the assessment and having read the given risk warning as well as whether we accepted the client's request to proceed with the trading on Real account under the above circumstances.
- 10.1.6. Where the Company chooses to grant the retail client a real account despite the given risk warning, the leverage shall remain limited to as low as level based on the below table or/ the Company's internal risk management policies.
- 10.1.7. **Residents of Spain** are by default treated differently due to restrictions implied by the National Securities Market Commission of Spain (Comisión Nacional del Mercado de Valores). Once clients who reside in Spain complete their registration, a risk warning required by CNMV will pop up, independently of their performance in the appropriateness test. The warning will inform the clients of the complexity of CFD products and the clients' consent will be requested in order to proceed with their registration.

10.2. Leverage Settings

- 10.3. Following the formal adoption of product intervention and measures on CFDs by the European Securities and Markets Authority (ESMA) on the 1st of June 2018, the Company shall ensure that all retail clients that demonstrate the appropriate knowledge and experience during the onboarding process shall have the following maximum leverage settings on their account as follows:

Asset Class	Retail Client		Professional Client	
	Maximum Leverage	Initial Margin Requirement	Maximum Leverage	Initial Margin Requirement
Major FX Pairs	1:30	3.33%	1:200	0.5%
Minor FX Pairs	1:20	5%	1:100	1%
Gold	1:20	5%	1:100	1%
Major Indices	1:20	5%	1:200	0.5%
Minor Indices	1:10	10%	1:100	1%
Commodities	1:10	10%	1:30	3.33%
Stocks	1:5	20%	1:10	10%
Cryptocurrencies	1:2	50%	1:2	50%

10.4. We may implement the maximum leverage amount applied to the different underlying CFD products as set forth by Law sets, but we reserve the right to decrease the leverage we offer at any time. Moreso, the Company is further entitled to apply a lower leverage as a result of corporate events, political events and in general extreme market conditions which have significant impact on the client's open positions, and with or without notice to you, in order to address likely market and financial instrument volatility. Where possible we will give you at least two (2) days' notice of such change so as to enable you to take the action you consider appropriate.

11. Dynamic leverage

11.1. We may use a dynamic leverage model for "**Elective Professional Clients**", mainly on FX, Indices and Commodities which automatically adapts to the clients trading CFD positions. For instance, the USD volume per instrument of a client increases the maximum leverage decreases accordingly as per the below table.

11.2. This model is applied per trading instrument, thus where a client has positions open across multiple instruments the leverage will be calculated separately on each symbol.

11.2.1. FX Dynamic Leverage

Open USD Volume	Maximum Leverage*
0-10,000,000	200:1
10,000,000-15,000,000	100:1
15,000,000-20,000,000	50:1

11.2.2. Indices Dynamic Leverage

Open USD Volume	Maximum Leverage*
0-5,000,000	200:1
5,000,000-10,000,000	100:1
10,000,000-15,000,000	50:1

11.2.3. Commodities Dynamic Leverage

Open USD Volume	Maximum Leverage*
0-5,000,000	100:1
5,000,000-10,000,000	50:1
10,000,000-15,000,000	30:1

11.2.4. *For more information regarding the maximum leverages per symbol, please visit the section 'Instruments and Account Information', on our website, [here](#).

12. Changing the Default Leverage

- 12.1. It is Company's practice that retail clients are subject to trade with the maximum leverage of 30:1 to 2:1 depending on the underlying asset of the CFD, to comply with the applicable laws.
- 12.2. Where an experienced retail client wants to trade with a higher leverage than maximum ratio outlined in the above table, such a request must be submitted in a written form.
- 12.3. It may be required for us to re-categorise you as a 'elective professional client', but only in respect of the services or transactions for which it could be treated as a professional client to enable you trade with a higher leverage; and
- 12.4. The Company provides a higher leverage 200:1 according to the asset classes and the underlying financial instrument (except for CFDs on stocks, 10:1 and CFDs on cryptocurrencies 2:1 respectively) to retail clients who elect to be treated as Elective professional clients. The Company approves such application in accordance with the Company's Client Categorisation Policy and leverage may be adjusted as determined by the Business Terms and if so, agreed between the Company and the professional client. More information shall be provided to the

Elective professional client as soon as the application has been approved by the Company's Compliance department.

- 12.5. When a client requests to change the leverage, the Company will not impose any costs and charges to implement the changes.

13. Retail Client Important Notice

- 13.1. The Company shall limit the leverage of Retail clients (also known as 'new traders') to a maximum of 30:1 to 2:1 depending on the underlying asset of the CFD in accordance with the conditions of the applicable laws. Trading with a very high leverage ratio is one of the most common errors committed by new traders.
- 13.2. 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.
- 13.3. Please note that certain jurisdictions may apply a cap on leverage ratios regardless of the client categorization or the appropriateness test score. However, in the light inter alia of the cross-border nature when providing investment activities, European Securities and Markets Authority ("ESMA") has set-out measures on provision of CFDs to ensure a common level of investor protection throughout the European Union (EU), in order to comply with the provisions of Article 40 of Regulation (EU) No 600/2014 (MiFIR II).
- 13.4. You are kindly advised to carefully read our Client Categorisation Policy and Business Terms to understand your obligations.

14. Policy Review

- 14.1. 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.
- 14.2. 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 the terms of such amendments.

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Telephone: 00357-22 276 710 | Fax: 00357-22 2546 220

Website: <http://www.skillling.com> | support@skillling.com