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## **Amana Capital Limited**

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# **LEVERAGE POLICY**

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## 1- Introduction

Amana Capital LTD (hereinafter “the Company” or “Amana”, is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (CySEC) under License 155/11. The Company is operating in accordance with the Cyprus Investment Services and Activities and Regulated Markets Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into Cyprus legislation.

## 2- Scope and Purpose

This Leverage and Margin Policy (the “Policy”) sets out how Amana sets leverage and margin levels and procedures which applies to all retail customers trading in Contracts of Difference (“CFDs”) with the Company.

The purpose of this Policy is to set out the leverage practices of the Company in order to limit the available leverage and increase protection for clients who may not understand the risks involved. This reflects in the requirement to assess appropriateness as part of the account opening process.

Leverage can enhance potential profits, but it also increases potential risks. However, an account’s losses cannot exceed its cash balance (Negative Margin Protection).

## 3- Regulatory Framework

Amana has established this leverage policy in accordance with:

- 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”).
- Circular C271 which has been issued by CySEC on 4 June 2018 pursuant to the European Securities and Markets Authority’s (‘ESMA’) product intervention decision on CFDs and Binary Options issued on 1 June 2018 which decision starts to apply from 1 August 2018 for CFDs.
- The Cyprus National Product Intervention Measures (‘CyNPIMs’) issued on the 17<sup>th</sup> November 2019, in line the ‘ESMA Measures - which lapsed for the final time in August 2019. CySEC has permanently introduced ESMA Measures into national law pursuant to Article 42 of Regulation (EU) No 600/2014, or MiFIR.

**This Policy has been approved by the Company’s Board of Directors.**

## Company’s Commitment

Amana Capital LTD has the duty to:

- 1- act honestly, fairly, professionally and in the best interests of our clients when dealing with them;
- 2- To set leverage levels that reflect your knowledge and experience in trading in complex financial instruments like CFDs given that trading with leverage and margin is a key characteristic of trading in CFDs;

- 3- To apply regulatory requirements and caps as set by CySEC and/or ESMA; and setup predetermined Maximum Leverage ratios for any financial instruments that the Company offers;
- 4- to inform you that CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage trading. CFDs and FX Contracts are highly speculative, involve a significant risk of loss and are not suitable for all investors but only for those Clients who: understand and are willing to assume the economic, legal and other risks involved, are experienced and knowledgeable about trading in derivatives and in underlying asset types, are financially able to assume significant losses.
- 5- to have in place policies, procedures and practices to manage the Company's market risk emanating from such leverage and margin trading by Clients based on the Company's own risk management appetite and risk bearing capacity.

#### **4- Factors Considered**

The Company takes into consideration the following factors when determining the maximum allowed leverage:

1. The capital base and financial strength of the Company;
2. The risk appetite and risk management of the Company;
3. 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;
4. The regulatory requirements and caps as set by CySEC. based on the instrument specifics, leverage on CFDs can go up to 1:30;
5. The result of the appropriateness test which is applicable for all retail clients.

#### **5- Leverage Offer Classes**

Following the formal adoption of measures on CFDs by The European Securities and Markets Authority (ESMA) on the 1st of June 2018, all **retail** clients that demonstrate the appropriate knowledge and experience during the registration process shall have the following maximum leverage settings on their account:

##### **Default Leverage:**

- 30:1 for major currency pairs;
- 20:1 for non-major currency pairs, gold and major indices;
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies.

The Company shall be offering the above classes of Leverage per instrument according to the Client's Categorization. This arrangement is done in the best interests of the Client. Low leverage levels protect inexperienced Clients, while higher leverage levels enable Professional Clients to

benefit from Leverage's advantages. Furthermore, at any certain class of Leverage, the Leverage levels offered shall be differentiated according to the category of the underlying asset. This way it is ensured that the riskiness faced by each Client at each level of Leverage level remains at similar levels, irrespective of the asset class to which the Client invests in.

Lower than the default leverage of the present policy will be offered to clients upon request.

Specific information on the instruments falling under each leverage group above, please see [Product Specification](#).

### **Professional Clients**

Professional clients are able to trade with higher leverage. Specifically, the Company offers to Professional clients the option to select higher leverage ratio up to 1:500 based on the underlying instrument.

### **6- Margin Close-Out Protection**

Amana hereby notifies Clients that it is each Client's sole responsibility to monitor the margin level of their positions in real-time via the Clients' web trading platform or their mobile/tablet app. The Company applies a margin close-out protection rule to all of its Clients' trading accounts, ensuring that their margin is not eroded to a point where it is close to zero. The margin close-out protection will be triggered when the total margin in a Client's account falls below 50%. When the total margin in a Client's trading account falls below this 50% threshold, the Company will close one or more of the Client's open trading positions – starting with the one that is making the biggest loss.

### **7- 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 accounts due to stop out and/or extremely volatile market conditions, will make a relevant adjustment to cover the full negative amount. The clients are ensured therefore, that their maximum losses from trading CFD's are not greater than the capital invested in their trading account

### **8- Risk Warning**

Trading CFDs is a form of Leveraged Trading and is highly speculative, complex and involves a significant risk of loss and is not suitable for all investors. CFDs are among the riskiest types of investments and can result in large losses. Before deciding to trade CFDs a client should carefully consider his/her investment objectives, level of experience and risk appetite. While trading CFDs a client can sustain a partial or full loss of his/her initial investment. Clients should be aware of all the risks associated with trading CFDs and seek advice from an independent financial advisor if they have any doubts.