LEVERAGE, MARGIN, MARGIN CALL AND MARGIN CLOSE-OUT POLICY

Version Log

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1. INTRODUCTION

1.1. https://fxpn.by/ is a brand and domain name owned and operated by Kimbo LLC, a limited liability company incorporated and registered in the Republic of Belarus with company registration number 193295922 and registered office address at 69A-2 Minskaya str., of. 34, Kolodishchi, 223050, Minsk, Republic of Belarus (hereinafter referred to as **'Kimbo'** or the **'Firm', 'us'**, **'we'** and **'our'**).

1.2. Kimbo is authorized and regulated by the National Bank of Belarus (the "***NBB"***) and has a special certificate of registration in the National Forex Register of Belarus, issued by the National Bank of Belarus, Certificate No.21 (identification code 40021) dated March 11, 2020.

1.3. In line with applicable laws, rules and regulations, the Firm has to inform its Clients of the leverage and margin requirements that are applicable when executing transactions in the financial instruments provided by us via Contracts for Difference.

2. PURPOSE & SCOPE

2.1. The purpose of this 'Leverage, Margin, Margin Call and Margin Close-out Policy' (this "***Policy***") is to define how we set leverage and procedures when our Clients trade in Contracts for of Difference ("***CFDs***").

2.2. It explains the key aspects of leverage trading with margin and what leverage levels we make available, depending on our Clients' knowledge and experience, their categorization either as a '**Regular Client**', a '**Qualified Client**' or a '**Professional Client**', according to our 'Client Categorization Policy', along with regulatory requirements. It also outlines the impact on the margin and Clients' accounts where negative market movement occur.

2.3. To achieve fair treatment the current Policy guarantees that the leverage and margin levels applicable by the Firm reflect the knowledge and experience of the Firm's Clients and are not a representation of aggressive leverage and margin policies that often lead to Clients suffering huge losses.

2.4. Moreover, the Policy is designed to match the Firm's risk appetite and risk accepting limits.

2.5. The firm reserves the right to introduce changes to this Policy from time to time.

3. OUR OBLIGATIONS AND COMMITMENT

3.1. Treating customers fairly is our main obligation to our corporate culture and ethos.

3.2. The Firm, as a regulated investment firm, has a duty to act honestly, fairly, professionally and in the best interest of its Clients when dealing with them.

3.3. In relation to Leverage, we are required:

a) To set leverage levels that reflect our Clients' 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;

b) To avoid any aggressive leverage practices towards our Clients;

c) To have regard to the underlying performance fundamental of the financial instrument on which the CFD is based, including among others historic volatility, depth of market (liquidity and trading volumes), market capitalization of the issuer and country of issuer of the underlying financial instrument, hedging capabilities, general economic climate and geopolitical events. We adjust and calibrate the above variables in determining the leverage levels we offer for asset classes or financial instruments;

d) Given that, we effectively provide leverage, to have regard to our own risk management appetite and risk bearing capacity and to have in place policies, procedures and practices to manage our (primarily) market risk emanating from such leverage and margin trading by our Clients. Following the aforementioned, the Firm has a neutral risk appetite. We take into consideration both the leverage provided to our Clients and the leverage provided by our execution venues with which we hedge Clients' positions along with our available own funds. The conditions of netting positions within the execution venues, where possible, allow the Firm to provide larger leverage to our Clients than the leverage received.

e) To apply regulatory requirements and caps as set out by our regulator, the National Bank of Belarus (the "***NBB***"), or any other competent regulator in any jurisdiction we offer our services to.

4. LEGAL AND REGULATORY FRAMEWORK

4.1. This Policy is issued pursuant to, and in compliance with, the leverage limitations applicable to '**Regular Clients**', '**Qualified Clients**' or '**Professional Clients**' under applicable laws, rules and regulations. In the event of any conflict or discrepancy between this Policy and any specific conditions that a Client may have agreed with Kimbo, those specific conditions take precedence.

4.2. In this Policy, we collectively refer to all the above legislations, regulation and guidelines as "**Regulations**".

5. LEVERAGE TRADING AND MARGIN

5.1. Trading on leveraged capital means that Clients can trade amounts significantly higher than the funds invested, which only serve as the margin. High leverage can significantly increase the potential return, but it can also significantly increase potential losses.

5.2. This means that Clients, can trade with amount higher than could invest in a particular CFD, without the margin the Firm provided.

A. Leverage Ratios for Different Asset Classes and Financial Instruments and Different Clients

5.3. We enable our Clients to trade via our web and mobile trading platforms.

5.4. Under applicable laws, rules and regulations certain leverage limits apply, which cannot exceed the maximum levels applicable to '**Regular Clients**', '**Qualified Clients**' or '**Professional Clients**', as describe further below.

5.5. Within the maximum leverage limits set out below, we reserve the right to reduce leverage ratios for CFDs in financial instruments that maybe the subject of actual or anticipated corporate actions, with or without notice to the Clients, in Order to address likely market and financial instrument volatility. Where possible, we might give three (3) business days' notice of such changes, to enable our Clients to take any actions might consider appropriate.

5.6. Furthermore, within the maximum leverage limits set out below, we also reserve the right to apply a specific leverage per single instrument in the event that Client Orders are exceeding a predetermined position size limit.

5.7. The applicable leverage ratios can be found at our Websites at any point in time.

5.8. The maximum leverage ratios imposed under the Regulations as regards '**Regular Clients**', '**Qualified Clients**' or '**Professional Clients**', are set out in the table below:

Client Category	Maximum Leverage	Minimum Margin
Regular Clients	1:100	1%
Qualified Clients	1:200	0.5%
Professional Clients	1:500	0.2%

B. Margin Requirements

5.9. "***Margin***" refers the amount of collateral required to maintain the present open margin position(s) in Clients' Accounts. Collateral is calculated after taking into account any profit or loss on a Client's open positions.

5.10. ***Clients*** can leverage their investments in margin-based instruments by funding their Account(s) with cash or other collateral that may be accepted by Kimbo from time to time. Clients' cash Accounts must, as a rule, not have a negative balance.

5.11. The margin requirements may differ from product to product within the same class of products, and may vary from time to time. The margin requirements for each product are described in the respective Trading Conditions on Kimbo's trading platform(s). The margin requirements of an open trade may also be changed if Kimbo reasonably considers that the risk of the trade has increased as compared to the date of opening.

5.12. No leveraged transaction in margin-based instruments is permitted to be opened if the Client does not have sufficient margin available in the Client's Account(s) to satisfy the margin requirement for that transaction at the time the order is placed. Clients must also satisfy all ongoing margin requirements as a condition to maintaining each open position in margin-based instruments.

5.13. Margin requirement shall apply throughout the term of an open margin position. It is the Client's responsibility to continuously monitor and ensure that sufficient margin is available in their Account(s) at all times. Clients further acknowledge that losses can be far greater than the amount of funds placed in their Account for open margin position.

5.14. Clients have a continuing obligation to deposit margin to their Account(s) to ensure that their Account(s) value, *i.e.* cash available adjusted for value of positions, and transactions not yet booked, is equal to or greater than the margin requirement for all their open leveraged positions, or open positions.

5.15. For the avoidance of doubt, Clients are obliged, at all times, to meet all margin requirements, which are subject to change at any time and without notice to them. If a Client believes that it cannot or will not be able to meet margin requirements, open positions should be reduced or adequate funds should be transferred to the Client's Account(s) immediately.

5.16. If, at any time while the Client has an open margin position, the margin available in the Client's Account(s) is not sufficient to cover the total margin requirement(s), the Client is obliged to reduce the amount of open margin positions or undertake such other adequate action to satisfy the margin requirements immediately.

5.17. Where there is any shortfall in a Client's margin available to meet the margin requirements for all of the Client's positions, Kimbo LLC reserves the right, in its sole and absolute discretion, to close or terminate one, several, or all of the Client's open positions immediately, subject to available liquidity, with or without notice to the Client.

6. MARGIN RISK MANAGEMENT

A. MARGIN CLOSE-OUT

6.1. In order to protect our Clients, by default, the Margin Close-Out Level (MCO Level) is set:

a) for '**Regular Clients**': at 50% of the Initial Margin requirements applicable with respect to the Client's Account(s);

b) for '**Qualified Clients**' and '**Professional Clients**' at 30% of the Initial Margin requirements applicable with respect to the Client's Account(s);

The above-mentioned Margin Close-Out Levels (MCO Levels) reflect the "***Minimum Required Maintenance Margin***" applicable with respect to, respectively, '**Regular Clients**' and '**Qualified Clients**' and '**Professional Clients**', and applies on the Client's entire Margin portfolio, including all existing open positions.

6.2. Accordingly, when the minimum total required Margin for all of open positions in any of the Client's Accounts falls below the Minimum Required Maintenance Margin levels mentioned above, automatic 'Margin Close–Out ("***MCO***")' will occur, meaning that orders to close positions will be placed and existing orders will be cancelled.

6.3. IN THESE CIRCUMSTANCES, THE CLIENT WILL RECEIVE A STOP OUT AND ANY OPEN POSITIONS IN THE ACCOUNT WILL START LIQUIDATING, WITHOUT ANY NOTICE, STARTING FROM THE POSITIONS WITH THE HIGHEST LOSSES,

FOLLOWED BY THE NEXT LARGEST, AND SO ON UNTIL THE ACCOUNT HAS REACHED THE APPLICABLE MINIMUM REQUIRED MAINTENANCE MARGIN AGAIN.

6.4. As an additional protection for Clients to avoid automatic 'Margin Close–Outs' in their Accounts:

a) '**Regular Clients**' will be notified via a pop-up window on the Firm's trading platform(s), when the available Margin in their Account reaches 70% of the Margin available in their Account, that they are getting close to an automatic liquidation; and

b) '**<u>Qualified Clients</u>**' and '**<u>Professional Clients</u>**' will be notified via a pop-up window on the Firm's trading platform(s), when the available Margin in their Account reaches <u>70% of the Margin available in their Account</u>, that they are getting close to an automatic liquidation;

(each such warning, hereinafter, being referred to as a '***Margin Call Warning Notification***').

6.5. **CLIENTS WILL ONLY GET SUCH AN AUTOMATIC MARGIN CALL WARNING NOTIFICATION IF THEY ARE LOGGED INTO THEIR TRADING PLATFORM. THEREFORE, CLIENTS ARE ADVISED TO LOG INTO THEIR TRADING PLATFORM ON A REGULAR BASIS TO ENSURE THEY MONITOR THE 'EQUITY' IN THEIR TRADING ACCOUNT(S) AND ANY RELEVANT NOTIFICATIONS ACCORDINGLY.**

6.6. The Firm may, <u>in its sole discretion and without being obliged to do so</u>, also alert Clients by phone call and/or by e-mail that they are getting close to automatic trade liquidation of their positions.

6.7. In these circumstances, Clients will be advised to deposit additional funds into their trading Account(s) or instructed to reduce/close-out current open positions.

6.8. Relevant actions the Client can take to restore his Margin Level include:

a) Closing or hedging some of the open positions.

b) Depositing more funds that can help in averaging down his positions.

c) Adjust the leverage ratio, (if it is possible) so that less Initial/Required Margin is required.

6.9. Once an Account reaches a Margin Call warning level, it is possible that the Margin level could increase above the above-mentioned Minimum Required Maintenance Margin levels. Should this happen, the Margin Call process will reset. If the Margin Call Warning levels are reached again, the Margin Call process will start again.

6.10. Closure of positions will be done based on best execution prices available at the Firm at that time. Clients will be responsible for placing their own Stop Loss Orders to minimize losses. In addition, the Firm may, from time to time, <u>in its sole discretion and without being obliged to do so</u>, contact Clients and request that they deposit additional collateral to secure their obligations to the Firm.

6.11. Any call for additional Margin shall not be deemed precedent for future calls, nor future waivers of liquidation rights by the Firm.

6.12. THE MARGIN CALL WARNING NOTIFICATIONS REFERRED TO HEREINABOVE ACT AS AN EARLY WARNING OF THE PERFORMANCE OF THE CLIENT'S OPEN POSITIONS WITH THE COMPANY AND IS AN ADDITIONAL SERVICE FROM THE COMPANY TO ITS CLIENTS, WHICH DOES NOT CREATE ANY OBLIGATION OR RESPONSIBILITY ON THE COMPANY, FOR EITHER THE PERFORMANCE OF ITS CLIENTS' TRADING ACCOUNT(S), OR FOR NOTIFYING ITS CLIENTS ANY TIME IN THE FUTURE OF THEIR CURRENT MARGIN LEVEL AND THE ACTION THAT THEY MAY WISH TO UNDERTAKE.

6.13. Clients need to ensure that they have sufficient funds in their trading Account(s), at all times, in order to maintain their open position. All Clients are recommended to monitor any open positions and their Margin level continuously to avoid positions being closed due to insufficient funds being available in their Account.

6.14. Please note that the Firm does not provide advice for the trading decisions and actions, which Clients may take, including the actions Clients may take to address the Margin Level requirements, such as the ones referred to hereinabove.

6.15. WHILE KIMBO TAKES REASONABLE STEPS TO NOTIFY CLIENTS AS THEIR TRADING ACCOUNT FALLS INTO MARGIN CALL, IT IS EACH CLIENT'S OBLIGATION TO MONITOR THEIR TRADING ACCOUNT(S) AND AT ALL TIMES ENSURE THEY HAVE SUFFICIENT MARGIN OR FREE EQUITY AVAILABLE FOR ANY ADVERSE OR VOLATILE MARKET MOVEMENTS, AND TO TAKE ACTION TO EITHER REDUCE THEIR POSITIONS AND/OR TRANSFER MORE MONEY INTO THEIR TRADING ACCOUNT TO REDUCE THE RISK OF HAVING THEIR OPEN MARGIN POSITONS AUTOMATICALLY LIQUIDATED.

6.16. As previously indicated, these notifications are on a best endeavors' basis and Kimbo is NOT legally obliged to send the Client a Margin Call Warning Notification at all or within any specific time period, as Clients are fully responsible for constantly monitoring the margin utilization status of their Account(s).

6.17. Margin Call Warning Notifications may be made at any time and in any way permitted under the terms of this Margin, Margin Call and Margin Close-out Policy.

6.18. Kimbo shall NOT be liable for any failure to contact Clients with respect to a Margin Call. Should a Client receive a Margin Call Warning Notification, the terms and conditions of the Margin Call will be detailed within such notification and Kimbo reserves the right to change the terms and conditions of any Margin Call based on market conditions, with or without notice to Clients. Kimbo's right to close-out Clients' open positions shall not be limited or restricted by any Margin Call Warning Notification if, when or how it was sent.

6.19. Clients may access details of their margin utilization status by logging into their Account or by calling their Account Manager. Clients expressly acknowledge and agree that:

a) they are solely and ultimately responsible for monitoring and providing the required margin at all times for all their open positions;

b) their obligation to provide the required margin will exist whether or not they have received a Margin Call Warning Notification; and

c) they are obliged to pay interest on, and settle, all debit balances in their Account on demand.

6.20. The pre-trade margin requirement(s) for each CFD instrument is/are displayed in the Trading Conditions window of the Firm's trading platform(s), while the Account Details window displays the Margin status in the Client's Account(s), including the post-trade margin requirement(s). In some instances, Kimbo may notify you of the margin requirements through alternative means, and Kimbo also reserves the right to determine specific margin requirements for individual leveraged transactions.

6.21. Clients are specifically made aware that margin requirements are subject to change without notice, including without limitation the margin rates governing their open leveraged CFD transactions. For every leveraged transaction that Clients have opened, they must be able to satisfy the applicable margin requirements, which are subject to change without notice.

6.22. It is the Clients' responsibility, and their responsibility only, to react to, and comply with, Margin Calls and to settle any debit balances incurred, immediately on demand.

7. KIMBO'S RIGHTS IN RELATIONS TO CLIENT ACCOUNTS

7.1. Without prejudice to any other provisions hereof, Kimbo LLC reserves the right to close-out any or all existing open margin positions if a Client's trading Account is in margin call, even if the Client may have taken steps to reduce the size of open margin positions or undertakes any other action to satisfy the margin requirements, but those steps or actions are not sufficient or completed in time to meet the Client's margin requirement on an ongoing basis.

7.2. No Client will be exempted from automatic Margin Close-out. In order to avoid margin call and automatic Margin Close-out due to shortage of available funds or free equity, Clients should ensure that sufficient cash is available in their trading Account(s) for adverse market movements.

7.3. If a Client's Account is left with a negative balance after the Client's open positions have been automatically closed-out under margin call, interest will be charged on that deficit until the deficit is fully covered by the Client.

7.4. If a Client has opened more than one Account, Kimbo LLC reserves the right to transfer money or collateral (if applicable) from one Account to another to meet that Account's margin requirements, even if such transfer will necessitate the closing of open margin positions or other trades in the Account from which the transfer takes place.

8. REVIEW AND AMENDMENTS

8.1. The Firm reserves the right to review and/or amend this 'Leverage, Margin, Margin Call and Margin Close-out Policy' and any related arrangements and/or policies, in its sole discretion, whenever it deems fit or appropriate or as required to comply with applicable laws, rules and regulations.

8.2. The Firm shall ensure that this 'Leverage, Margin, Margin Call and Margin Close-out Policy' and any related arrangements and/or policies are implemented and monitored on a periodic basis to ensure their effectiveness and compliance with applicable laws, rules and regulations.

8.3. In particular, the Firm is set to review this 'Leverage, Margin, Margin Call and Margin Close-out Policy' and any related arrangements and/or policies at least annually, and, where appropriate, on an ad hoc basis to ensure it complies with applicable rules and regulations.

8.4. When 'this Leverage, Margin, Margin Call and Margin Close-out Policy' is modified (hereinafter referred to as "**Change(s)**") we will post such Changes on our Website(s) and/or otherwise notify our Clients of such Changes. Each such notification shall be deemed as sufficient notice and it is our Clients duty to consult and/or to check regularly this 'Leverage, Margin, Margin Call and Margin Close-out Policy' on our Website(s) regarding any such Changes.

Therefore, Clients are encouraged to review this 'Leverage, Margin, Margin Call and Margin Close-out Policy' from time to time so as to ensure that they are aware of any Changes.

9. FAQs AND CONTACT INFORMATION

9.1. Questions regarding this 'Leverage, Margin, Margin Call and Margin Close-out Policy' should be addressed, in first instance, to our Customer Support Department, via e-mail at: support@fxpn.by, or by phone via the telephone numbers, you will find on the Contact section of our Website.

9.2. You may also contact our Dealing Department; the contact telephone number is available on our Website.

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