

**MAASGAIN GLOBAL BROKERS LIMITED**

**MARGIN CALL POLICY**

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## 1. Background

- 1.1 MAASGAIN GLOBAL BROKERS LIMITED ('the Company or 'we' or 'us' or 'MGBL') understands that Financial Instruments such as Derivatives and CFD's are complex and risky products and that it has an important role in ensuring that only investors who have a sound understanding of the features and risks of the product can open a trading account and begin trading in Financial Instruments.
- 1.2 This Margin Call Policy ('Policy') explains the Company's margin practices in relation to the Derivatives and CFD's that it offers to its clients. This Policy addresses how the Company monitors the client trading account, the rights it may exercise in relation to client's accounts and when these rights may be exercised.
- 1.3 This Policy describes marginal practices in relation to all clients. In the event of any conflict or discrepancy between this Policy and any specific conditions that a client may have agreed with the Company, those specific conditions take precedence.

## 2. Margin Requirement

- 2.1 We offer margin trading on contracts for difference and economically equivalent products such as margin forex and other derivatives.
- 2.2 Clients can leverage their investments in margin-based instruments by funding their trading account with cash. Clients' trading accounts must as a general rule does not have a negative balance.
- 2.3 "Margin" or "Initial Margin" refers to the funds available in a trading account for the purpose of opening and maintaining an open position.
- 2.4 The margin requirements may differ from securities to securities. The margin requirements of an open trade may also be changed if the company reasonably considers that the risk of the trade has increased as compared to the date of opening.
- 2.5 The Company may impose a stricter margin requirement or an initial margin ,as the Company sees fit, on a client that is deemed as risky based on geographical, financial, trading and professional information available to the Company.

## 3. Margin placements

- 3.1 The Company shall place the client's margin(s) with the appointed liquidity provider, in order for the client to open the trading positions.
- 3.2 The client must place margins with the MGBL throughout the term of an open position.
- 3.3 A margin trading basis enables a client to execute trades larger than the deposits and that may amplify the price movement effect.
- 3.4 It is the Client's responsibility to continuously monitor and ensure that sufficient funds are available on the trading account at all times. The Client further acknowledges that losses can be far greater than the amount of funds placed in the trading account for open margin position.

- 3.5 If, at any time while the client has an open position, the funds available on the trading account are not sufficient to cover the total margin requirement(s), the client is obliged to reduce the amount of open positions or undertake such other adequate action to immediately satisfy the margin requirements.
- 3.6 The Company may not permit the client to open new positions.

#### **4. Monitoring Client Accounts**

- 4.1 It is the Client's responsibility to ensure that margin utilization in the trading account(s). If a client's trading account is under margin call, and if the equity reaches or remains below 100% of used margin, then the

Company is entitled to reduce (liquidate) Client's exposure by closing one, several or all of the Client's open positions or part of an open position in the client's trading account, without assuming any responsibility towards the Client for such action.

## **5. Our Rights in Relations to Client Accounts**

- 5.1 The Company has the right to close out any or all existing open 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.
- 5.2 No client will be exempted from Manual and/or automatic close out (liquidation orders). In order to avoid margin calls and automatic close out due to shortage of available funds or free equity, clients should ensure that sufficient cash is available in their trading account for adverse market movements.
- 5.3 If a client's account is left with a negative balance after his/her open positions have been automatically closed out under the margin call, interest may be charged on that deficit until such time as the deficit is covered fully by the client.
- 5.4 If the Client has opened more than one account, the Company has the right to transfer money from one account to another to meet that account's margin requirements, even if such transfer will necessitate the closing of open positions or other trades in the account from which the transfer takes place.

## **6. Slippage**

- 6.1 All liquidation orders are placed as a stop order subject to the trading system limitations. When triggered, stop orders become a market order available for execution at the next available market price. Stop orders guarantee execution but do not guarantee a particular price. At times, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events, periods of limited liquidity, or during market close and open periods. During periods such as these, the order type, quantity demanded, and specific order instructions can have an impact on the overall execution received.

## **7. Gapping**

- 7.1 Clients should be aware of the risks associated with gapping. Where "gapping" occurs, it may be difficult and at times impossible for a position to be automatically closed out at the exact level/price when a client breaches its margin obligations. There may be significant market movement which is reflected in a significant drop or jump in prices, high volatility, or during market close and market open where the market opens at a considerably lower/higher price to the price at which it closes.

## **8. Amendments to this Policy**

- 8.1 This policy will be reviewed, tested and periodically revised annually or otherwise, as risks, systems, business practices and regulatory requirements change.
  - This policy will be updated in case of any changes in Mauritius regulatory requirements.
  - With the purpose of ensuring familiarization with the changes and amendments before their commencement the Client shall regularly by itself or via authorised persons check official websites of the Company for information about changes and amendments made in this Regulations, as well as in other Company legal documents.