

NOEMON FINANCE LTD

LEVERAGE AND MARGIN POLICY

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1. Introduction

Noemon Finance Limited is a private limited company incorporated in the Republic of Cyprus (Registration Number HE 427234), authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as a Cyprus Investment Firm (“CIF”) under licence number 449/24 (hereinafter the “Company”).

The Company has established this Leverage and Margin Policy (the “Policy”) in accordance with the Cyprus National Measures to Restrict the Marketing, Distribution and Sale of Contracts for Differences (“Cyprus National Product Intervention Measures” or “CyNPIMs”) as set out in CySEC Directive DI87-09 as amended by R.A.D. 270/2025. The CyNPIMs are aligned with the temporary intervention measures introduced by the European Securities and Markets Authority (“ESMA”) which expired for the final time in July 2019.

2. Scope and Applicability

This Policy outlines how the Company sets leverage and margin levels applicable when trading leveraged financial instruments i.e. Contracts for Difference (“CFDs”), with the Company.

This Policy applies to the execution of orders on behalf of Retail Clients and Professional Clients, but does not apply to Eligible Counterparties.

3. Purpose

The purpose of this Policy is to explain the key aspects of leveraged trading, including how leverage is applied to CFDs. It also outlines the effect of leverage on your margin requirements and account balance. Furthermore, this Policy describes the potential impact of negative market movements on your positions, including measures such as margin calls, stop-out levels and Negative Balance Protection where applicable.

4. Company's Obligation and Commitment

The Company is committed to treating its clients in a fair, honest, and professional manner and to acting in their best interests at all times. In relation to Leverage and Margin, the Company shall:

- a) Set leverage levels that reflect your knowledge and experience in trading complex financial instruments, such as CFDs, given that trading on leverage and margin is a core characteristic of these products;
- b) Avoid aggressive leverage practices and ensure that leverage is appropriate, balanced and consistent with regulatory expectations;
- c) Adjust and calibrate leverage based on factors including, but not limited to:
 - historic price volatility of the underlying asset;
 - market liquidity and trading volumes;
 - market capitalization and country of issuance of the underlying asset;
 - the Company's ability to hedge market risk and
 - the broader political and economic environment.
- d) Consider its own risk appetite and risk bearing capacity, and maintain effective policies, procedures and practices to manage market risk arising from leveraged and margin trading by its clients;
- e) Inform its clients that trading in CFDs is highly speculative, involves a substantial risk of loss and is not suitable for all investors, but only for those who:
 - understand and are willing to assume the economic, legal and other risks involved;
 - have sufficient experience and knowledge in trading in derivatives and in underlying asset classes;
 - are financially able to assume losses that may significantly exceed their initial margin or deposits, as investors may lose the entire amount invested and not only the margin placed; and
- f) With respect to Retail Clients, apply the CyNPIMs as in force from time to time, which restricts the marketing, distribution or sale to Retail Clients of CFDs in circumstances where at least all of the following conditions are met:
 - the Company requires the Retail Client to pay the Initial Margin Protection;

- the Company provides the Retail Client with the Margin Close-Out Protection;
- the Company provides the Retail Client with the Negative Balance Protection;
- the Company does not directly or indirectly provide the Retail Client with a payment, monetary or excluded non-monetary benefit in relation to the marketing, distribution or sale of a CFD, other than the realised profits on any CFD provided; and
- the Company does not send directly or indirectly a communication to or publish information accessible by a Retail Client relating to the marketing, distribution or sale of a CFD unless it includes the appropriate risk warning.

5. Definitions

CFD is a derivative other than an option, future, swap or forward rate agreement, the purpose of which is to give the holder a long or short exposure to fluctuations in the price, level or value of an underlying, irrespective of whether it is traded on a trading venue, and that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event. CFDs are complex financial instruments typically offered with leverage. CFD trading enables you to speculate on the rise or fall of the price, level or value of an underlying, including asset classes such as currencies, indices, commodities, shares and government bonds. You do not need to own the underlying asset;

Equity is the real-time value of a client's account, including cash and unrealized profits or losses, as well as any non withdrawable credits;

Initial Margin means any payment for the purpose of entering into a CFD, excluding commission, transaction fees and any other related costs;

Leverage allows you to gain exposure to a larger position than your invested capital by using borrowed funds. Leverage acts as a multiplier for your deposit, giving them increased exposure to the market. The following formula applies:

$$\text{Leverage} = \text{Total Position Size} / \text{Margin Required}$$

For example, a leverage of 20:1 implies that, for every \$5 you invest, the Company gives you an exposure of \$100. To do this, the Company lends you \$95;

Leverage Limit is the percentage of the initial total exposure that you are required to post as an initial margin in order to open a position. Leverage Limit is also referred to as Initial Margin Protection;

Margin is the amount of money the client is required to deposit to open and maintain leveraged positions;

Margin Close-Out means the closure of one or more of a Retail Client's open CFDs on terms most favourable to the client when the sum of funds in the CFD trading account and the unrealised net profits of all open CFDs connected to that account falls to less than half of the total initial margin protection for all those open CFDs;

Margin Level is the ratio between a client's Equity and Margin;

Negative Balance Protection means the limit of a Retail Client's aggregate liability for all CFDs connected to a CFD trading account with the Company to the funds in that CFD trading account;

Spread is the difference between the Bid price (selling price) and the Ask price (buying price) prices of a CFD.

6. Leverage Determination

The Company considers the following factors when determining the maximum allowable leverage:

- Client Knowledge and Trading Experience: The Company assess your appropriateness during the account opening stage by collecting information about your financial position, financial knowledge, trading experience, familiarity with

trading complex financial instruments and overall trading profile.

- Company Risk Appetite and Risk Management: Internal risk-management policies and the Company's defined risk tolerance play a key role in establishing appropriate leverage limits.
- Company Capital Base and Financial Strength: Leverage levels are aligned with the Company's capital base and financial strength, as determined and monitored through ongoing capital adequacy assessments.
- The client's categorisation, determined in accordance with the Company's Client Categorisation Policy and/or the Investment Services and Activities and Regulated Markets Law of 2017 as amended from time to time, as a Retail Client (default), or where the relevant reclassification criteria are met, as a Professional Client or Eligible Counterparty.
- Asset Class: The Company applies different leverage ratios based on the asset class and the specific characteristics of the financial instruments offered.

7. Initial Required Margin and Leverage Ratios for CFDs

With respect to Retail Clients, the level of leverage available for CFDs is determined, inter alia, by the applicable regulatory restrictions and the characteristics of the underlying asset category referenced by each CFD. In accordance with the CyNPIMs, the Company applies different margin requirements based on the client's categorisation as a Retail Client or Professional Client, and according to the volatility of each CFD underlying asset.

The Company reserves the right to adjust margin requirements for specific client accounts where such action is warranted based on the client's trading strategy, exposure levels, or where the aggregate risk associated with a particular account exceeds the Company's internal risk limits. The Company may notify the client of such changes at any time as deemed appropriate.

In addition, the Company reserves the right to adjust leverage ratios for CFDs on individual financial instruments, groups of instruments, or across all client accounts, either on a temporary or a permanent basis, where required to do so due to existing or

anticipated market conditions, corporate actions, or other relevant risk considerations. Such adjustments may be implemented with or without prior notice where necessary to ensure prudent risk management and maintain compliance with applicable regulatory requirements.

The table below sets out the maximum leverage ratios and initial margin required by Retail Clients as well as the leverage ratios available to Professional Clients, for CFDs across various asset classes and the financial instruments included within each category.

A. RETAIL CLIENTS

CFD Underlying Asset	Max Leverage	Min Initial Margin Required
Major Currency Pairs (pair of any two of: Euro, US Dollar, Japanese yen, Pound Sterling, Canadian Dollar, Swiss Franc)	1:30	3.33%
Minor Currency Pairs and Exotics	1:20	5%
Gold	1:20	5%
Commodities Other than Gold	1:10	10%
Shares (e.g. Apple, Amazon)	1:5	20%
Cryptocurrencies	1:2	50%
Exchange Traded Funds (“ETFs”)	1:5	20%

B. PROFESSIONAL CLIENTS

CFD Underlying Asset	Max Leverage
Major Currency Pairs (pair of any two of: Euro, US Dollar, Japanese yen, Pound Sterling, Canadian Dollar, Swiss Franc)	1:50
Minor Currency Pairs and Exotics (e.g. Australian Dollar/Japanese yen, Euro/British Pound, New Zealand Dollar/US Dollar, British Pound/Swiss Franc, Euro/Swedish krona)	1:50
Gold	1:20
Commodities Other than Gold	1:14

Shares (e.g. Apple, Amazon)	1:10
Cryptocurrencies	1:3.3
Exchange Traded Funds (“ETFs”)	1:5

8. Margin Call and Stop Out

The Company implements a margin call at 100% for all accounts. When margin utilization exceeds 100%, the Company has the right to reduce or liquidate positions, at its sole discretion.. A Stop-Out occurs when the Client’s Margin Level reaches 200% of the total initial margin. At this threshold, the Company will begin to automatically close your open positions, as market conditions permit The Company will continue liquidating positions until your Margin Level drops again below 200% or, if this is not possible, until all open positions have been closed. You are responsible for monitoring your margin levels at all times and taking any necessary actions to avoid Stop-Out events.

9. Negative Balance Protection

For Retail Clients, the Company provides Negative Balance Protection (“NBP”), The Negative Balance Protection limits the maximum losses that a Retail Client could incur. It is designed as a backstop for when the Margin Close-Out does not work effectively as a result of a very sudden price movement due to extreme market conditions. NBP ensures that Retail Clients can never lose more than the total sum invested for trading CFDs. There can be no residual loss or obligation to provide additional funds beyond those in the investor’s CFD trading account.

Professional Clients are not eligible for NBP and acknowledge that they may be liable for any negative balance arising in their trading account.

10. Offering CFDs in Certain Jurisdictions

This Policy is not directed at jurisdictions where CFDs are prohibited, restricted, or otherwise not permitted by local laws or regulations. Clients located in, or residing in, such jurisdictions are not eligible to open CFD positions with the Company. By using the

Company's services, you represent and warrant that you are not subject to any local restriction that would prevent you from trading CFDs. The Company reserves the right to restrict, suspend, or close accounts that violate such jurisdictional limitations.

11. Risk Warning

Trading CFDs and using leverage involves a high level of risk and may not be suitable for all investors. CFDs are complex financial instruments that carry a significant risk of rapid and substantial losses, which may be amplified by leverage. Even small market movements may result in substantial losses that can exceed your initial investment. You should carefully consider whether you fully understand how CFDs and leverage work and whether you can afford to assume the high risk of losing your invested capital. Before trading, you should obtain independent financial or legal advice and ensure you understand all associated risks.