Margin Information

1. Definitions

"Maintenance Margin" shall mean the minimum amount of money required in your Trading Account, as specified on the Trading Platform, in order to keep a Transaction open.

"Margin" shall mean the Initial Margin and the Maintenance Margin collectively. Margin represents the total equity required to open and maintain a Transaction in accordance with your Trading Account specifications and leverage.

"Margin Call" shall mean a suggestion or notice by the Company for you to increase the funds in your Trading Account to satisfy our Margin requirements, in order to maintain an open Transaction, including without limitation a call under paragraph 18 of this Client Agreement ("Margin Requirements and Margin Calls").

"Free Margin" shall mean the difference between your Trading Account Equity and the Margin currently allocated to open Transactions.

"Margin Level" shall mean the percentage ratio of your Trading Account Equity to the Margin required for open Transactions, calculated as **Margin Level (%) = (Equity ÷ Margin) × 100**

"Stop Out Level" shall mean the Margin Level at which the Company may automatically close open Transactions to prevent further losses, as determined in accordance with this Client Agreement.
Upon reaching the Stop Out Level, open Transactions may be closed immediately and without prior notice.

2. Calculation

The Margin required for opening a position is determined by instrument specifications and the leverage applicable to the Trading Account.
The general formula is **Margin = Contract Size × Lot Value ÷ Leverage**

For these purposes:
For **Forex** instruments: **Lot Value = Deal Lot × Account Currency Rate.**
For **CFD** instruments: **Lot Value = Deal Lot × Entry Price × Account Currency Rate.**

<u>Examples</u>

- Scenario A – Leverage 1:100

  - Client deposits $10,000, allowing positions of up to 10 Lots ($10,000 × 100 = $1,000,000)
  - Client opens a 5 Lot BUY position on EUR/USD at 1.12.

  Position Details

  - Position Value: 5 Lots = EUR 500,000 → 500,000 × 1.12 = $560,000
  - Margin Used: 560,000 ÷ 100 = $5,600
  - Free Margin: 10,000 – 5,600 = $4,400
  - Margin Level: (10,000 ÷ 5,600) × 100 = 178.57%

Profit Scenario

If the EUR/USD rate **rises** to 1.135:
- Profit = 500,000 × (1.135 – 1.12) = $7,500
- Free Margin = 10,000 – 5,600 + 7,500 = $11,900
- Margin Level = (17,500 ÷ 5,600) × 100 = 312.5%

Loss Scenario

If the EUR/USD rate **falls** to 1.105:
- Loss = 500,000 × (1.105 – 1.12) = –$7,500
- Free Margin = 10,000 – 5,600 – 7,500 = –$3,100
- Margin Level = (2,500 ÷ 5,600) × 100 = 44.6%

The Margin Level falls below 100%, therefore new positions cannot be opened.

If the EUR/USD continues falling to 1.101:
- Loss = 500,000 × (1.101 – 1.12) = –$9,500
- Margin Level = (500 ÷ 5,600) × 100 = 8.9%

The position is automatically closed as the Margin Level falls below the Stop Out threshold.

- Scenario B – Leverage 1:300

- Client deposits $10,000, allowing positions of up to 30 Lots ($10,000 × 300 = $3,000,000)
- Client opens a 20-Lot BUY position on EUR/USD at 1.12.

Position Details

- Position Value: 20 Lots = EUR 2,000,000 → 2,000,000 × 1.12 = $2,240,000
- Margin Used: 2,240,000 ÷ 300 = $7,467
- Free Margin: 10,000 – 7,467 = $2,533
- Margin Level: (10,000 ÷ 7,467) × 100 = 133.92%

Profit Scenario

If the EUR/USD rate rises to 1.135:
- Profit = 2,000,000 × (1.135 – 1.12) = $30,000
- Free Margin = 10,000 – 7,467 + 30,000 = $32,533
- Margin Level = (40,000 ÷ 7,467) × 100 = 535.69%

Loss Scenario

If the EUR/USD rate falls to 1.11625:
- Loss = 2,000,000 × (1.11625 – 1.12) = –$7,500
- Free Margin = 10,000 – 7,467 – 7,500 = –$4,967
- Margin Level = (2,500 ÷ 7,467) × 100 = 33.48%

The Margin Level is below 100%, therefore new positions cannot be opened.

If the EUR/USD continues falling to 1.11525:
- Loss = 2,000,000 × (1.11525 – 1.12) = –$9,500
- Margin Level = (500 ÷ 7,467) × 100 = 6.69%

The position is automatically closed as the Margin Level falls below the Stop Out threshold.

These examples are illustrative; actual results will vary depending on market conditions and leverage chosen.

Notes:

Equity = Account Balance ± Unrealized Profit/Loss.
Free Margin = Equity – Margin.
Margin Level (%) = (Equity ÷ Margin) × 100.

2.1. Restrictions and Automatic Actions

2.1.1. If the Margin Level falls below 100%, the Company (Seekapa) may, at its discretion, restrict the opening of new positions.

2.1.2. If the Margin Level reaches or falls below the Margin Call level (set at 100%), the Client is strongly advised to deposit additional funds.

2.1.3. If the Margin Level continues to decline and reaches the Stop Out level, the Company may automatically close open positions and prevent further trading activity.

2.1.4. The Client acknowledges and agrees that the Company is under no obligation to issue a Margin Call. Clients are responsible for maintaining a Margin Level above 100% at all times.

For more detailed information, please refer to paragraph 18 of this Client Agreement ("Margin Requirements and Margin Calls").