

Margin Policy (effective 29 July 2018)

What is margin?

The Goldenway platform supports margin trading, which means you can enter into positions larger than your account balance. One advantage of margin-based trading is that you can leverage the funds in your account and potentially generate large profits relative to the amount invested. The downside is you have an equal opportunity to incur significant losses in your account. Thus trading foreign exchange with any level of leverage may not be suitable for all investors.

With effect from 1 August 2018, the regulators European Securities and Markets Authority (ESMA) and Financial Conduct Authority (FCA) limits, leverage available to retail clients in the United Kingdom to:

- (a) 3.33% of the notional value of the *CFD* when the underlying currency pair is composed of any two of the following currencies: US dollar, Euro, Japanese yen, Pound sterling, Canadian dollar or Swiss franc;
- (b) 5% of the notional value of the *CFD* when the currency pair or commodity is:
 - (i) a currency pair composed of at least one currency that is not listed in point (a) above; or
 - (ii) gold;
- (c) 10% of the notional value of the *CFD* when the underlying commodity is a commodity other than those listed in point (b) above;

Therefore, the new leverage limits (margin requirements) with effect from 1 August 2018 are set out below:

Currency Pair	Lot Size (Base Currency)	GWGUK Initial Margin Required (Based on the Percentage of notional value)
XAUUSD_UK	100	5%
XAGUSD_UK	5,000	10%
EURUSD_UK	100,000	3.5%
USDJPY_UK	100,000	3.5%
GBPUSD_UK	100,000	3.5%
USDCHF_UK	100,000	3.5%
AUDUSD_UK	100,000	5%
NZDUSD_UK	100,000	5%
USDCAD_UK	100,000	3.5%
EURJPY_UK	100,000	3.5%



GBPJPY_UK	100,000	3.5%
AUDJPY_UK	100,000	5%
CADJPY_UK	100,000	3.5%
NZDJPY_UK	100,000	5%
EURCHF_UK	100,000	3.5%
EURAUD_UK	100,000	5%
EURGBP_UK	100,000	3.5%
GBPCHF_UK	100,000	3.5%
GBPAUD_UK	100,000	5%
AUDNZD_UK	100,000	5%

Goldenway platform will implement the above regulatory required margin limits on the weekend of 29 July 2018 to avoid any breaks in trading on 31 July 2018.

Margin Requirements

To find out how much margin is required to keep your trades open, please always refer to the information on the trading platform.

Liquidation Policy

- Equity is the amount of funds you have in your account plus or minus any unrealized profit or unrealized loss
- Margin is the amount of equity we require to keep your trades open
- Margin Level is the Equity/Margin
- Margin Close Out Rule - a margin close-out rule on a 'per account' basis set at a minimum of 50% of initial margin

If margin level equals to 75%, SMS messages will be sent and notify to deposit more money into the account to bring it up to a required maintenance balance.

Please note: in a fast moving market, there may be little time between warnings, or there may not be sufficient time to warn you at all.

Goldenway has the right to liquidate one or more of a retail client's open position when the sum of funds in the CFD trading account and the unrealized net profits of all open CFDs connected to that account falls to less than 50% of the total initial margin protection for all open CFDs. To increase usable margin, you may either deposit funds to raise equity or close open positions or trade smaller lots sizes.

What can I do if I am on a margin call?

If your positions will be at risk of closing out, there are two options to prevent that from happening.

- You can add funds to your account, increasing your equity and covering the margin requirement.
- You can reduce your margin requirement by closing positions

If you do neither of these things, our margin policy states that we can then close the positions.

What About My Existing Trades?

Any trades already open before the introduction of the new rules will remain on their existing margin rates and those trades will remain in your original Account (Legacy Account). Please note that the new margin close out rule (50%) will also be applied to your original account (Legacy Account). Original Account (Legacy Account) will be changed to "Close-Only".

Please note: Existing 200% weekend margin requirement will be cancelled after 29th July. The last application of 200% weekend margin requirement will be on 27th July (Friday).

If you would like to open new trades, you can open new trades in a New Account on our platform. Login details of New Account can be acquired from CS Team and Email. Please contact our CS Team by info@gwguk.com.

You can also edit stops and limits or close positions on your Legacy Account, however, all new trades must now be placed on your New Account.

On the weekend of 29 July, if you do not have any existing trades, new trades can be executed from your existing account. No action is needed from clients.

Existing positions will however be subject to a new close out rule in line with the ESMA proposals, as explained above. For enquiries, please contact our Customer Service Team.

Hedged Position Margin

If the customer holds the position of same product in different direction for both buying and selling, regardless of market price fluctuations, the risk exposure is relatively small and the system will preset the hedged position. The company will charge 100% of the total required margin of the hedged position according to the equivalent number of lots for the position holding order of same product but in different direction of buying and selling.



New Symbols List

The opening of new trades on 30 July 2018 will be on the newly added instruments of Currency Pairs, Gold and Silver which will be subject to the updated margin requirements as outlined by ESMA. The new symbols will have the specification “_UK” at the end of the trading pairs (for example EURUSD_UK, USDJPY_UK etc). HKDCNH and USDCNH will not be available after the weekend of 28/29 July 2018, Existing contracts of HKDCNH and USDCNH will not be affected.

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As the new symbols require different levels of margin, clients wishing to hedge trades already placed on the old symbols are required to open new account and fund margin for both sides of the trade.

We urge all clients to make sure they have understood the above changes in their trading accounts Margin, Margin Close Out rule and Leverage and proceed with necessary adjustments to their trading accounts equity in order to accommodate the new trading conditions without any issue.

Stop Loss, Limit and Pending Orders

Limit orders, Pending orders and Stop Loss orders can only be executed during normal market hours and unfilled orders will be cancelled each weekend. They are deleted after cancellation each weekend.

How to Avoid Margin Closeouts?

- Monitor the status of your account continuously.
- Use a lower leverage so you can impose a higher margin requirement on yourself.
- Specify a stop-loss order for each open trade to limit downside risk. You can specify stop-loss rate at the time you place a trade, or add a stop-loss order at any time for any open trade.
- Fund your account with the appropriate amount to comply with margin requirements and reduce risk.

Risk Warning

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

Please read our regulatory standardised risk warning, including percentage of losses on CFD provider's retail investor accounts on our webpage www.gwguk.com before investing.

Language

The English version of this document prevails to the extent of any inconsistency between the English and Chinese versions. Any Chinese version of this document is for reference only.