



Leverage Policy

Date: 03-05-2024

Version 3.9

1. Definition of Leverage

Leverage refers to the use of borrowed capital to increase trading exposure beyond what is possible with a trader's own funds. Through leverage, traders can control larger market positions, potentially amplifying both gains and losses.

2. Application and Implications of Leverage

Traders may engage in leveraged trading to magnify returns; however, this approach significantly increases the risk of loss. The effects of leverage are proportional to the multiple applied:

- **Without Leverage (1x Exposure):**
A \$1,000 investment in an asset that increases or decreases by 10% results in a \$100 gain or loss, representing a 10% return or loss on capital.
- **2x Leverage:**
A \$1,000 investment controls a \$2,000 position.
 - A 10% increase yields a \$200 gain (20% return).
 - A 10% decrease results in a \$200 loss (20% loss).
- **3x Leverage:**
A \$1,000 investment controls a \$3,000 position.
 - A 10% increase yields a \$300 gain (30% return).
 - A 10% decrease results in a \$300 loss (30% loss).
- **5x Leverage:**
A \$1,000 investment controls a \$5,000 position.
 - A 10% increase yields a \$500 gain (50% return).
 - A 10% decrease results in a \$500 loss (50% loss).

3. EPE Leverage Framework

EPE permits the use of leverage under a structured limit system. Each trading account is subject to a **leverage deposit limit**. When this limit is reached, the trader must deposit additional funds to restore the margin capacity and continue trading. All deposited capital remains fully accessible to the trader and may be withdrawn subject to account balance and margin requirements.

4. Risk Management Requirements

Given the heightened risk associated with leveraged trading, all traders are expected to exercise prudent risk management practices. These include, but are not limited to:

- Setting stop-loss orders
- Monitoring margin levels
- Applying appropriate position sizing
- Avoiding over-leveraging

5. Acknowledgement of Risk

By engaging in leveraged trading on the EPE platform, traders acknowledge and accept the inherent financial risks. EPE strongly recommends that only experienced individuals or those who fully understand the implications of leverage utilize this feature.