Margin Policy

Introduction

Red Pine Capital (PTY) LTD (hereinafter, the “Company”) has established a Margin Policy (hereinafter, the“Policy”) which applies to all its retail clients.

Scope

The Policy applies to all retail clients who are speculating on the short-term movements in the price of CFD’s which are complex products and it may be difficult for a majority of them to understand the risk involved.

This is reflected in the requirement to assess appropriateness as part of the account opening process. We adopted a robust process to assess the knowledge and experience of retail clients and potential retail clients, to check whether they understand the risks involved and to determine whether the Company’s products are appropriate for them.

Clients who fail the appropriateness test

Clients who have been subjected to the appropriateness test and the Company has assessed that the financial instruments and investment services it offers are not appropriate for them are informed accordingly and are not allowed to trade on Live account. The Demo account as well as education material for clients who wish to develop their understanding and knowledge is suggested.

Margin close-out rule per account

A margin close-out rule will be imposed on a per account basis rather than a per position basis.
The standardized margin close-out rule has been set at 50% of the total initial margin.

Negative Balance Protection

A negative balance protection means that our clients may never lose more funds than those deposited in their trading account (i.e. negative balance protection).

A negative balance protection on a per account basis will be imposed, limiting a retail investor’s aggregate liability for all CFDs connected to a CFD trading account with a CFD provider to the funds in that CFD trading account.

Risks Involved

Trading CFDs is a form of Leveraged Trading and is highly speculative, complex and involves a significant risk of loss and is not suitable for all investors. CFDs are among the riskiest types of investments and can result in large losses.

Before deciding to trade CFDs a client should carefully consider his/her investment objectives, level of experience and risk appetite. While trading CFDs a client can sustain a partial or full loss of his/her initial investment. Clients should be aware of all the risks associated with trading CFDs and seek advice from an independent financial advisor if they have any doubts. CFDs are not suitable for “buy and hold” trading, therefore if a client does not have enough time to monitor such investment on a regular basis, he or she should not trade in CFDs.

Approval and Reviews

This Policy has been approved by our Board of Directors and in this policy, we collectively refer to all the above legislations, regulations and guidelines as “Regulations”. Moreover, the Company’s Policy is consistent with sound and effective risk management and intended to deter risk-taking beyond the Company’s expressed risk appetite and risk tolerance levels.

The Compliance Officer shall regularly review and update this Policy from time to time as shall be necessary to adhere to changes in the relevant legislation and level of risk.