Errante Introduces Dynamic Forex Leverage for MT4 and MT5

Errante HAS THE RIGHT to use a dynamic forex leverage model on both its MT4 and MT5 platforms which automatically adapts to the clients trading positions. As the volume per Instrument of a client increases the maximum leverage offered decreases accordingly, as per the following table. This is done to protect both the client and the Company from adverse market conditions.

This is done on an account level, hence if a client has positions open across multiple instruments then leverage will be calculated in aggregate and NOT per symbol. For example, if a trader has 10 lots Buy on USDJPY and then starts trading EURUSD, his/her margin requirement for EURUSD will be affected by the existing USDJPY positions.

The sum of the positions is calculated in the following way. Consider a trader has 100 lots Buy and 30 Lots Sell on the same Instrument. To calculate the required margin, one would take the side with the largest volume (sum). In this example, the side with the largest exposure is the 100 Buy, and as such, 100 would be the value used in calculating the required margin. Furthermore, a trader with 5 positions of 20 lots Buy (or Sell), and a trader of a single position of 100 lots Buy (or Sell), would require the same margin; given their accounts have identical leverage settings.

Open Lots	**Maximum Leverage**
0-50	Max 1:500
50-75	Max 1:200
75-100	Max 1:100
100-150	Max 1:50
150+	Max 1:20

How Dynamic Forex Leverage Works

Lots	Maximum Leverage	Applicable Leverage	Margin
From 0 to 50	1:500	1:500	50 (Lots) * $100,000 / 500 (leverage) = $10,000

From 50 to 75	1:200	1:200	25 (Lots) * $100,000 / 200 (leverage) = $12,500
From 75 to 100	1:100	1:100	25 (Lots) * $100,000 / 100 (leverage) = $25,000
From 100 to 150	1:50	1:50	50 (Lots) * $100,000 / 50 (leverage) = $100,000
From 150+	1:20	1:20	50 (Lots) * $100,000 / 20 (leverage) = $250,000