

## Introduction

**Starlight Wave Ltd** (hereinafter referred to as the “**Company**”), is a Company incorporated and registered in Saint Lucia, with registration no. 2023-00491. The Company’s registered address is at P.B. 1257 Bonovo Road, Fomboni, Comoros, KM. The Company is authorised and regulated by the Mwali International Services Authority as an International Brokerage and Clearing House, with license no. T2023397.

The Company owns and operates under the domain [www.emarlado.com](http://www.emarlado.com).

Margin is calculated based on the leverage used and is the amount of equity needed to open and maintain a position.

**Formula:**  $\text{Margin} = (\text{Contract size} * \text{Lot Size} * \text{Open Price}) / \text{Leverage}^1$ .

Assuming that your trading account has a leverage ratio of 1:100 and you wish to buy 1 Lot (fixed at 100,000) of EUR/USD, leverage gives you the ability to pay 1/100 of the invested amount (this will be the margin used for this single position).

1 Lot EUR/USD = 100,000 EUR against USD

If the EUR/USD opening price is 1.12,  $\text{Margin} = (100,000 * 1 * 1.12) / 100 = 1,120 \text{ USD}$

The free margin appears at the bottom of the platform and represents the difference between the trading account’s equity and the open positions margin.

$\text{Free margin} = \text{Equity} - \text{Margin}$

A percentage value based on the amount of usable margin and equity. If the margin level is less than 100% Emarlado may freeze opening new orders. If the margin level is lower than the margin call level (at 100% of the margin level) the trader is advised to deposit more funds.

Emarlado may automatically close the most losing open positions and prevent further trading when the margin level falls below the stop out level.

**Formula:**  $\text{Margin Level} = (\text{Equity} / \text{Margin}) * 100$

**Margin call** occurs when the trader’s equity as a percentage falls below the margin requirement.

It should be noted that Emarlado does not bear an obligation to provide a Margin Call to any trader. Nevertheless, traders are advised to maintain a margin level above 100%.

Margin call is at: 100% and the Stop Out level is at: 20%. When the Stop Out level is reached, the system will start closing your positions automatically, without prior notice.

## Example 1

A client deposits 10,000 USD and sets the maximum leverage to 1:100. The trader may open positions of up to  $(10,000 * 100)$  1,000,000 USD which is equal to 10 Lots.

Based on the above formula, margin is calculated in Quote CCY for Forex Pairs.

Assume stop out is at 10%

The client opens a BUY position of 5 LOT EUR/USD at 1.12.

The volume of the particular position will be  $(500,000 \text{ EUR} * 1.12) = 560,000 \text{ USD}$ . The margin will be  $(560,000/100)$  5600 USD.

Free Margin will be  $(10,000 - 5,600)$  4,400 USD Margin

Level will be  $[(10,000/5600) * 100] = 178.57\%$

## Profit-making Scenario:

If the EUR/USD rate rises to 1.135, the trader will make a gain of  $[(500,000 \text{ EUR} * 1.135) - 560,000 \text{ USD}] = 7,500 \text{ USD}$ .

Free Margin will rise to  $(17,500 - 5,600) = 11,900$  assuming the position was not closed yet. Margin level will rise to  $[(17,500/5600) * 100] = 312.5\%$

## Loss Making Scenario:

If the EUR/USD rate falls to 1.105, the trader will make a loss of  $[560,000 \text{ USD} - (500,000 \text{ EUR} * 1.105)] = -7,500 \text{ USD}$ .

Free Margin will fall to  $(2,500 - 5,600) = -3100$  assuming the position has not been closed yet. Margin level will fall to  $[(2500/5600) * 100] = 44.6\%$

Since the margin level is below 100%, trader could not open new positions

If the EUR/USD continues to fall and reaches 1.101, the trader will make a loss of  $[560,000 \text{ USD} - (500,000 \text{ EUR} * 1.101)] = -9500 \text{ USD}$ .

Margin Level will fall to  $[500/5600 * 100] = 8.9\%$ . Since the Margin Level is now below the stop out level of 20%, the trade will automatically be closed by the system.

## Example 2

Client deposits 10,000 USD and sets the maximum leverage to 1:300. So the trader could open positions of up to  $(10,000 * 300)$  3,000,000 USD which is equal to 30 Lots.

Then opens a BUY position of 20 LOT EUR/USD at 1.12.

Volume of the particular position will be  $(2,000,000 \text{ EUR} * 1.12) = 2,240,000 \text{ USD}$ . Margin

will be  $(2,240,000/300) = 7,467$  USD.

Free Margin will be  $(10,000 - 7,467) = 2,533$  USD

Margin Level will be  $[(10,000/7,467)*100] = 133.92\%$

## Profit-making Scenario:

If the EUR/USD rate rises to 1.135, the trader will make a gain of  $[(2,000,000 \text{ EUR} * 1.135) - 2,240,000 \text{ USD}] = 30,000 \text{ USD}$ .

Free Margin will rise to  $(40,000 - 7,467) = 32,533$  assuming the position was not closed yet. Margin level will rise to  $[(40,000/7,467)*100] = 536.69\%$

## Loss Making Scenario:

If the EUR/USD rate falls to 1.11625, the trader will make a loss of  $[2,240,000 \text{ USD} - (2,000,000 \text{ EUR} * 1.11625)] = -7,500 \text{ USD}$ .

Free Margin will fall to  $(2,500 - 5,600) = -3100$  assuming the position was not closed

yet. Margin level will fall to  $[(2500/7,467)*100] = 33.48\%$

Since the margin level is below 100%, trader could not open new positions

If the EUR/USD continues to fall and reach 1.1155, the trader will have a loss of  $[2,240,000 \text{ USD} - (2,000,000 \text{ EUR} * 1.1155)] = 9500 \text{ USD}$ .

Margin Level will fall to  $[500/7,467 * 100] = 6.69\%$ . Since the Margin Level is now below the stop out level of 10% the trade will automatically be closed by the system.

<b>Account Type</b>	<b>Margin Call Level</b>	<b>Stop Out Level</b>
Basic	100%	20%
Gold	100%	20%
Platinum	100%	20%
VIP	100%	20%