CONSULTATION PAPER

(CP-02-2019)

SUBJECT: **CONSULTATION PAPER ON THE IMPOSITION OF NATIONAL PERMANENT MEASURES IN RELATION TO THE MARKETING, DISTRIBUTION AND SALE OF CFDS**

DATE OF ISSUE: 30 MAY 2019

PURPOSE THIS CONSULTATION PAPER

The Cyprus Securities and Exchange issues this Consultation Paper (the "Consultation") to help enact effective consultation procedures with market participants and investors, regarding proposed changes in policy matters.

IMPORTANT WARNING

The submission of comments should be made **no later than 14 June 2019**. No extension is given on an individual basis. Therefore, unless CySEC extends the submission period with a formal announcement, any comments received after the above date **will not be considered**.

INSTRUCTIONS FOR THE SUBMISSION OF COMMENTS

Interested parties may submit their comments to the CySEC Policy Department by email at policy@cysec.gov.cy.

The subject of the email should have the following form:

«*Consultation Paper (2019 - 02) – [insert the Name of Organisation, Legal or Natural Person submitting the comments or views]*»

In submitting your comments/views, you are requested to state whether you represent an organized group or a specific enterprise, or if you are an individual. In the case of organized groups, you are kindly requested to provide information on the number and nature of persons or enterprises you represent.

Please answer the questions in the order presented in this document be concise and provide your replies in a Word document.

CONTENT

1. INTRODUCTION

PURPOSE OF THIS CONSULTATION PAPER

1.1. The Cyprus Securities and Exchange Commission **("CySEC")** has published this Consultation Paper to consult on the content of the national measures in relation to the marketing, distribution and sale of Contracts For Differences **("CFDs")**, pursuant to Article 42 of Regulation (EU) No 600/2014[1] **("MiFIR").**

1.2. The measures proposed by CySEC are largely aligned with the European Securities and Markets Authority's ("ESMA") temporary product intervention measures, which first introduced a restriction on the marketing, distribution or sale of CFDs to retail clients in 2018. The measures proposed by CySEC render the ESMA temporary intervention measures permanent in relation to the marketing, distribution or sale of CFDs, in or from the Republic of Cyprus. However, CySEC proposes a risk-based approach in relation to the leverage restrictions on CFDs. Under MiFID's classification, a retail client can fall within a "*positive*" or "*negative*" target market. However, ESMA in its Guidelines on MiFID II Product Governance Requirements (the "ESMA Guidelines"), acknowledge that a retail client may fall within a grey area i.e. between the positive and negative target markets. Furthermore the definition of a target market does not acknowledge or prescribe the likelihood that there is a range of potential suitability within each target market. Even though the ESMA Guidelines state that the sale of products into the negative target market should be a rare occurrence, there is no requirement to prohibit them. These: (i) raise potential risks for investor protection if, for instance, a retail client falls within the grey area of target market, or within the negative target market or (ii) limit the ability of those clients who may be reasonably considered to fall within the upper tier of the positive target market, to trade with a higher leverage limit. In order to strengthen product governance further and using the ESMA Guidelines as a benchmark, CySEC proposes to introduce stricter leverage limits for those retail clients falling within the grey area of the target market and slightly higher leverage limits for the retail clients falling within the upper tier of positive target market – further details about which are contained within Paragraph 3.1. In addition to this the sale of CFDs to clients falling within the negative target market is expected to be avoided.

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[1] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.

1.3. To this end, CySEC proposes:

- Limiting leverage to between 50:1 and 1:1, depending on the volatility of the underlying assets and the knowledge, wealth, risk appetite, objectives and needs of the respective retail client;

- Introducing a margin close out, when the clients' funds fall to 50% of the margin needed to maintain their open positions on their CFD account;

- Introducing a negative balance protection per account basis, so that retail clients cannot lose more than the total funds in their trading account;

- Prohibiting firms from offering cash or other inducements to encourage retail clients to trade, and;

- Requiring firms to provide standardised risk warnings informing potential customers the percentage of their retail client accounts which make losses.

1.4. CySEC is concerned that the leverage limits currently in force under the temporary intervention measures might not be adequate in the case of retail clients who neither fall within the positive target market, nor within the negative target market (falling thus within the grey area of the target market) and who wish to trade despite the warnings provided from the CFD providers.

1.5. Even though MiFID II distinguishes only between retail and professional clients, CySEC acknowledges that in practice, retail clients exhibit different levels of sophistication and wealth[2]. In CySEC's view, those retail clients falling within the upper tier of the positive target market (i.e. those who have a superior ability to bear losses and a superior trading experience), may be allowed to adopt a higher risk investment strategy and potentially trade using slightly higher leverage. The aim of this Consultation is to introduce a risk-based approach to better address the risks posed by leveraged CFD trading. Leverage can increase the possible profit for clients, but it can also increase the possible losses. To this end, CySEC proposes the introduction of stricter leverage limits for retail clients who are unlikely to benefit from leverage and slightly higher leverage limits for clients who are more likely to benefit from leverage due to their enhanced knowledge and experience. Such higher leverage limits were set based on a 10% implied probability of margin close out (at

[2] This is corroborated by the incorporation of the notion of target market in MiFID II (i.e. a retail client may fall within the positive or negative target market, based on their wealth, knowledge, risk tolerance and objectives and needs).

50% of the margin) tolerance level. The tolerance level has been set to 10%, in order to ensure that the implied probability of margin close out is still low, allowing at the same time retail clients falling within the upper tier of target market to amplify their profits (emanating from profit-making trades). The element of annual income is intended to ensure that in such cases where the trades of such experienced retail clients result in losses, such losses can be shouldered by them.

1.6. CySEC also proposes stricter leverage limits for CFDs on crypto assets as CySEC believes that retail investors might be exposed to excessive risks, in the case of leveraged positions in crypto assets, due to the extreme volatility that such products entail.

1.7. To this end, CySEC seeks feedback on the proposed national measures from those who this Consultation concerns, referred to in paragraphs 1.18 – 1.20.

DEFINITIONS

1.8. For the purposes of this Consultation, the terms referred to in paragraphs 1.9 – 1.15, shall have the meaning ascribed to them by the paragraphs below.

1.9. “contract for differences” or “CFD” means a derivative other than an option, future, swap or forward rate agreement, the purpose of which is to give the holder a long or short exposure to fluctuations in the price, level or value of an underlying, irrespective of whether it is traded on a trading venue, and that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

1.10. “excluded non-monetary benefit” means any non-monetary benefit other than, insofar as they relate to CFDs, information and research tools;

1.11. “initial margin” means any payment for the purpose of entering into a CFD, excluding commission, transaction fees and any other related costs;

1.12. “initial margin protection” means the initial margin that retail clients will be required to pay in accordance with CySEC’s measures.

1.13. “margin close-out protection” means the closure of one or more of a retail client's open CFDs on terms most favourable to the client in accordance with Articles 24 and 27 of Directive 2014/65/EU when the sum of funds in the CFD trading account and the unrealised net profits of all open CFDs connected to that account falls to less than half of the total initial margin protection for all those open CFDs;

1.14. “negative balance protection” means the limit of a retail client's aggregate liability for all CFDs connected to a CFD trading account with a CFD provider to the funds in that CFD trading account.

1.15. “binary option” means a derivative that meets the following conditions:

- a it must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- b it only provides for payment at its close-out or expiry;
- c its payment is limited to:
  - i a predetermined fixed amount or zero if the underlying of the derivative meets one or more predetermined conditions; and
  - ii a predetermined fixed amount or zero if the underlying of the derivative does not meet one or more predetermined conditions.

1.16. Where the meaning of the terms referred to in paragraphs 1.9 - 1.15, or the meaning of other terms mentioned in this Consultation Paper, is further clarified in:

i The ESMA Decision to temporarily restrict contracts for differences in the Union[3] and the renewals thereof **(the “ESMA Decision on CFDs”)**; or

ii The ESMA Decision to temporarily prohibit the marketing, distribution or sale of binary options to retail clients in the Union[4] and the renewals thereof **(the “ESMA Decision on Binary Options”)**; or

iii The ESMA Questions and Answers on ESMA’s temporary product intervention measures on the marketing, distribution or sale of CFDs and Binary options to retail clients, as amended from time to time **(the “ESMA Q&As on Product Intervention”)**,

such clarifications apply to these terms.

[3] EUROPEAN SECURITIES AND MARKETS AUTHORITY DECISION (EU) 2018/796 of 22 May 2018 to temporarily restrict contracts for differences in the Union in accordance with Article 40 of Regulation (EU) No 600/2014 of the European Parliament and of the Council

[4] EUROPEAN SECURITIES AND MARKETS AUTHORITY DECISION (EU) 2018/795 of 22 May 2018 to temporarily prohibit the marketing, distribution or sale of binary options to retail clients in the Union in accordance with Article 40 of Regulation (EU) No 600/2014 of the European Parliament and of the Council

1.17. Where a term is not otherwise defined herein shall take the meaning provided for in the Investment Services and Activities and Regulated Markets Law of 2017 **(the "Law")**[5].

WHO THIS CONCERNS

1.18. This Consultation Paper, concerns the entities that market, distribute or sell CFDs, in or from the Republic of Cyprus, to retail investors, as further defined in this Consultation Paper.

1.19. The entities collaborating with the persons referred to in the previous paragraph, will also be permanently affected in the way described in CySEC's Policy Statement on the Risk Management Arrangements of CIFs that provide investment services in CFDs **("PS-01-2019")**.

1.20. Investors will also be impacted by this Consultation Paper.

2. RATIONALE FOR SUPERVISORY ACTION

BACKGROUND INFORMATION

2.1. CySEC supervises a significant number of CIFs engaging in the provision of investment services in complex financial instruments, particularly in CFDs and (prior to the ESMA prohibition) in Binary Options. The aforesaid CIFs provide their services in the Republic of Cyprus, but also in other Member States or third countries, either on a cross-border basis or through the establishment of a branch. According to CySEC's records on cross-border notifications, 2,157 entities domiciled in other Member States are allowed to provide their services in the Republic of Cyprus on a cross-border basis, 580 of which their authorisation includes the provision of services in CFDs.

2.2. The compliance of CIFs with their regulatory obligations has consistently been a key supervisory priority, as reflected in CySEC's annual Supervisory Action Plans. CySEC's actions were further intensified since 2015, where practices that raised concerns for investor protection were observed.

[5] Transposing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, into national Law.

2.3. Particularly in the context of supervisory audits, CySEC has observed that CIFs providing investment services in CFDs and Binary Options were engaging in aggressive marketing techniques and did not provide adequate information in relation to the risks involved, thus not allowing retail clients to fully understand the risks entailed and make an informed decision about their respective investment(s).

2.4. CIFs were also found to be providing trading benefits to retail clients (in the form of a bonus or otherwise) via their marketing strategies, aiming to attract and encourage retail clients to trade in CFDs and Binary Options. Given the complexity that such products entail such trading benefits encouraged behaviours that are not in the best interests of clients.

2.5. CySEC also observed that CIFs providing investment services in CFDs were providing excessive levels of leverage (in some cases exceeding 1:500). Whilst leverage can increase the possible profit for clients, it can also increase the possible losses, resulting in losing more than the invested amount (i.e. resulting in negative balances in the retail client trading accounts) as a consequence of a fluctuation in the price of the underlying instrument.

2.6. In the case of Binary Options even though there was no leverage involved, investor detriment was exacerbated by the pricing structure; the application of transaction fees; and by the short-term nature of these instruments. It was found that retail investors were likely to underestimate the risks involved as a consequence of the oversimplified "*yes/no*" proposition forming the basis of such instruments, in conjunction with the information asymmetries existed between CIFs and retail clients.

2.7. Investors' detriment stemming from the above risks was confirmed by an analysis that CySEC conducted on a sample of CFD and Binary Option client accounts. Specifically, the analysis was conducted on a sample of 10 binary options providers and on a sample of retail client accounts (approximately 290,000 client accounts) of 18 major CFD providers for the period from 1 January 2017 to 31 August 2017. In relation to CFDs, the analysis revealed that 76% of client accounts made an overall loss over the period, with around 24% of client accounts in profit. In relation to Binary Options, the analysis revealed that on average, 87% of client accounts made a loss over that period.

2.8. Similar findings were reported by other National Competent Authorities **("NCAs")** of the European Economic Area **("EEA")** in relation to the provision of investment services in CFDs.

2.9. The characteristics and the risks that CFDs and Binary Options entail are further elaborated in the recitals of the ESMA Decisions on CFDs and Binary Options, respectively, and in the ESMA Product Intervention Analysis in relation to the measures on CFDs and Binary Options.

CySEC'S ACTIONS PRIOR TO THE IMPLEMENTATION OF THE ESMA MEASURES

2.10. In view of the above, CySEC issued a series of circulars[6] addressed to CIFs, which provided guidelines to the supervised entities for their compliance with the regulatory framework. These guidelines, included, inter alia, a) a requirement to modify their systems so as to have a predetermined leverage limit of 1:50 for all non-professional clients, which a client can change to a higher limit if he/she so desires; b) the requirement to protect investors from negative balance protection per account basis; c) a ban on the provision of bonuses encouraging retail clients to invest in complex financial instruments; and, d) guidelines for the proper management of conflicts of interest.

2.11. Furthermore, a consultation paper[7] was issued proposing the ban of the distribution of Binary Options to retail investors, except for those meeting specific technical criteria set out by CySEC[8].

2.12. CySEC has also conducted a series of audits and investigations since 2015 in relation to CIFs providing investment services in CFDs and Binary Options. The audits revealed serious misconduct by a number of CFD and Binary Options providers, resulting in the imposition of administrative sanctions[9] both to the CIFs and to natural persons employed by them (totaling €5.3 million). Furthermore, where appropriate, CySEC revoked the authorization of CIFs and referred the cases to the Attorney-General of the Republic of Cyprus for possible further action (5 cases).

ESMA MEASURES

2.13. In 2015, an ESMA CFDs Task Force was established, in which CySEC participates, to examine and coordinate the matters arising in relation to the provision of investment services in this type of financial instruments.

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[6] See: https://www.cysec.gov.cy/en-GB/public-info/circulars/supervised/investment-firms/

[7] See: http://cysec.gov.cy/CMSPages/GetFile.aspx?guid=ebf53e28-2bb7-4494-bb3a-4cced2e3c8ba

[8] In view of the ESMA Decision on Binary Options, the Consultation Paper was not finalised and by virtue of this Consultation Paper, it content is rendered null and void.

[9]See: https://www.cysec.gov.cy/en-GB/public-info/decisions/

2.14. As a result of the work carried out, ESMA issued a series of questions and answers concerning the provision of investment services in CFDs and other speculative products and taking into account the risks involved for the investor protection, decided to introduce temporary product intervention measures, pursuant to MiFIR, by virtue of the ESMA Decisions on CFDs and Binary Option.

2.15. The ESMA measures in relation to CFDs included the following:

i Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying instrument;
ii A margin close-out rule on a per account basis. This aimed to standardise the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail client's open CFDs;
iii Negative balance protection on a per account basis **("NBP")**;
iv A restriction on the incentives offered to trade CFDs; and
v A standardised risk warning, including the percentage of losses on a CFD provider's retail investor accounts.

2.16. The ESMA measures in relation to Binary Options included a prohibition on the marketing, distribution or sale of Binary Option.

2.17. It is noted that the ESMA Decisions on CFDs and Binary Options have been renewed three times respectively[10]. ESMA has also agreed on the exclusion of a limited number of products from the scope of the measure[11] and on the introduction of a reduced character standardized risk warning, where there are character limitations by the third-party marketing provider.

CYSEC ACTIONS FOLLOWING THE IMPLEMENTATION OF THE ESMA MEASURES

2.18. CySEC has prioritised the effective implementation of the ESMA Decisions on CFDs and Binary Options, including the implementation of the NBP requirement by CIFs under CySEC's supervision. In view of the fact that a similar measure was already in place in Cyprus at CySEC's own initiative, CySEC conducted a market wide review in relation to how CIFs providing investment services in CFDs have restructured their business model in order to address the implication of NBP.

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[10] See: https://www.esma.europa.eu/policy-activities/mifid-ii-and-investor-protection/product-intervention

[11] See: https://www.esma.europa.eu/press-news/esma-news/esma-renew-prohibition-binary-options-further-three-months

2.19. As a consequence of the above, CySEC enforced the restructuring of the market risk transfer arrangements of certain types of CFD CIFs and imposed additional capital requirement to the CIFs that engage in market risk transfer activities or transact for their own benefit in CFDs - with entities domiciled in countries that do not have or are unlikely to have an adequate prudential regime. To this end, CySEC issued a Policy Statement on the Risk Management Arrangements of CIFs that provide investment services in CFDs on 4 February 2019 ("PS 01-2019").

In a nutshell PS-01-2019 provides the following:

- CIFs providing investment services in CFDs **("CFD CIFs"),** which operate under a licence providing for the initial capital of €125.000[12] **("125k CFD CIF")**, were required to restructure their market risk transfer arrangements in order to ensure that the third party to whom they transfer the market risk assumes responsibility for the Negative Balances that might appear in the trading account of a retail client of the 125k CFD CIF; and,

- Where a CFD CIF, irrespectively of its initial capital requirements or type of clients, has market risk transfer arrangements in place and/or engages in CFDs trading for its own benefit (if this is permissible under the type of their authorisation), with entities domiciled in non-EEA jurisdictions **that are not**

  i Credit institutions; or
  ii Investment Firms,

  domiciled in a third country for which there is an equivalent decision for the purposes of Article 107(4) of Regulation (EU) No 575/201316 or which is a member of the G20, were required to maintain an additional capital buffer of the highest quality of the CIF's capital (Common Equity Tier 1 capital). This additional capital requirement had to be equal to the higher value of either a) €2.000.000, or b) 2% of the Investment Firms' total risk exposure.

2.20. As part of its supervision, CySEC monitors client categorisation and onboarding processes in order to ensure that CIFs will not allow clients to reclassify as elective professional investors, where the criteria provided for in the Law, are not met, in order to avoid the scope of the measures.

[12] The initial capital of article 10(2)2 of the Investment Services and Activities and Regulated Markets Laws of 2007 to 2016, the provisions of which have been grandfathered under Article 104(2) of the Law.

2.21. The audit and investigation in relation to the compliance of CIFs that provide investment services in CFDs are ongoing and cover several areas of the regulatory framework, aiming to ensure that investor protection is not put at risk of compromise.

CYSEC's INTENTIONS

2.22. In view of the fact that ESMA has the power to impose product intervention measures on a temporary basis, CySEC intends to introduce national measures pursuant to Article 42 of MiFIR in order to avoid the resurface of the risks identified, once the effect of the ESMA's measures lapses.

2.23. The measures that CySEC intends to take are largely aligned with the ESMA temporary product intervention measures, making these measures permanent in relation to the marketing, distribution or sale of CFDs and Binary Options, in or from the Republic of Cyprus. However, CySEC proposes a risk-based approach in relation to the leverage restrictions on CFDs, by introducing stricter leverage limits for retail clients falling within the grey area of target market and slightly higher leverage limits for the retail clients falling within the upper tier of positive target market. CySEC also proposes stricter leverage limits for CFDs on crypto assets given retail investors might be exposed to excessive risks, in the case of leveraged positions in crypto assets due to the extreme volatility that such products entail.

2.24. Taking into account the risks involved, as have been identified by CySEC in the context of its supervisory responsibilities and by ESMA - as elaborated in the documents referred to in Paragraph 2.9 above - CySEC believes that the national measures are justified, proportionate and meet the criteria of Article 42 of MiFIR, as further elaborated in Article 21 of the European Commission's Delegated Regulation (EU) 2017/567[13].

2.25. In view of the fact that there is no longer activity in Binary Options in or from the Republic of Cyprus, as a consequence of the ESMA Decision on Binary Options, the Cyprus National Product Intervention Measures ("CyNPIMs") on Binary Options, will enter into force permanently without any pubic consultation on the subject matter.

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[13] COMMISSION DELEGATED REGULATION (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions

3. PROPOSED MEASURES ON CFDs

CySEC proposes the prohibition of the marketing, distribution or sale of CFDs to retail clients, unless they meet the following criteria.

3.1. LEVERAGE LIMITS

3.1.1. The ESMA Decision on CFDs, introduced leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying[14], namely:

- 30:1 for major currency pairs;
- 20:1 for non-major currency pairs, gold and major indices;
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies.

3.1.2. The ESMA Decision on CFDs does not distinguish between different subcategories of retails clients. MiFID II does not distinguish between different subcategories of retail clients either, but introduced the notion of target market. CySEC expects CFD providers will not sell such products to clients falling within the negative target market. However, CySEC cannot rule out the possibility that sales of such products might appear in the case of retail clients falling within the grey area of target market (i.e. those not falling neither within the positive target market nor within the negative target market). CySEC also acknowledges that the term "*retail client*" encompasses different types of investors, with different levels of knowledge and financial position and the persons falling within the positive target market does not necessarily share the same level of knowledge and financial position.

3.1.3. To this end, CySEC remains concerned that the leverage limits in force might be excessive in the case of retail clients who neither fall within the positive target market nor within the negative target market (falling thus within the grey area of target market) and who wish to trade despite the warnings provided from the CFD providers. Although CySEC expects CFD providers to take this into consideration and readjust the leverage limit on their own initiative, in the context of abiding to the rules of conduct, CySEC believes that stricter leverage limits should be explicitly

[14] Fore definitions see the ESMA Decision on CFDs.

formulated, as a one size fits all approach might encourage CFD providers to provide leverage up to the maximum allowed, irrespective of the subcategory of the retail client.

3.1.4. CySEC is also concerned that retail investors might be exposed to excessive risks, in the case of leveraged positions in crypto assets, due to the extreme volatility that such products entail.

3.1.5. On the other hand, in CySEC's view, those falling within the upper tier of positive target market (i.e. those who have an enhanced ability to bear losses and an enhanced trading experience), may be allowed to adopt a higher risk investment strategy, trading on slightly higher leverage, should they explicitly request it, in full knowledge of the direct and associated risks in doing so.

3.1.6. In order to avoid the possibility of CFD providers taking advantage of such derogation by arbitrarily defining the upper tier of target market, CySEC believes that certain minimum criteria need to be explicitly defined. To this end a retail client may not be considered to fall within the upper tier of positive target market if he/she does not fall within the positive target market in accordance with the evaluation performed by the respective CFD Broker, in line with the relevant provisions of the Law, Directive DI-87-01, [15] and ESMA Guidelines on MiFID II Product Governance Requirements and in addition to this he/she meets at least one of the criteria referred to in points i-ii **and** the criterion of point iii:

i The gross annual income of the client, is no less than €40,000; and/or,

ii The net liquid assets[16] of the client are at least €200,000; and,

[15] Transposing the Commission Delegated Directive (EU) 2017/593 of the European Commission of 7 April 2016 supplementing Directive 2014/65/EE of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits.

[16] Net liquid assets = Liquid assets – current liabilities.

Liquid Assets are assets that: a) are readily convertible to cash within one month; and b) have not been invested in speculative positions.

Liquid assets that are acceptable under this Consultation Paper include cash and *readily realisable investments*.

Depending of their liquidity *readily realizable investments* may include for instance: a) a unit in a regulated collective investment scheme; b) a government or public security denominated in the currency of the country of its issuer; c) any other security which is:

(i) admitted to official listing on an exchange in an EEA State; or

(ii) regularly traded on or under the rules of such an exchange; or

(iii) regularly traded on or under the rules of a third country exchange;

iii The client has carried out transactions, in significant size, in relation to CFDs at an average frequency of 10 per quarter over the previous four quarters.

3.1.7. CFD providers will be required to collect supporting evidence from the retail clients in order to reasonably confirm their trading experience (point iii of the previous paragraph), if such trading experience was gathered by trading with another firm. They should also be in a position to be reasonably satisfied that the conditions of points i or ii above are met.

3.1.8. A CFD provider should not make available the leverage limits applicable to the upper tier of positive target market to a retail client, unless the specific retail client explicitly requests such evaluation and meets the respective criteria.

3.1.9. In order to determine the appropriate leverage limits CySEC has performed its own analysis. In the context of this analysis, CySEC has used the ESMA assumptions, holding periods and price sources, but incorporated additional data up to 31 December 2018. The findings broadly reflect those identified by ESMA. **Annex I** contains the simulated approximate average leverage levels for CFDs on Major Currencies, Major Indices, Commodities, Minor Currencies and Minor Indices with their **implied probability** of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period). The data used (i.e. prices for the various asset classes) refers to the period 1 January 2007 – 31 December 2018.

3.1.10. The threshold set by ESMA in its analysis was an implied probability of margin close out (at 50% of the margin) of 5%, within the holding period of five days for equities and one day for the rest of the underlying categories. In CySEC's view where a retail client falls within the positive target market such probability tolerance is reasonable. However, where a client falls within the grey area of target market, and despite the warning provided by the CFD provider, still wishes to trade, the probability tolerance should be further decreased. To this end, CySEC intends to set the probability tolerance below 1% for those clients. On the other hand, where a client falls within the upper tier of positive target market, having s an enhanced trading experience and an enhanced ability to bear losses, the probability tolerance could in CySEC's view be slightly increased, but should not exceed 10%.

3.1.11. CySEC remains concerned by the risks that leveraged positions in CDFs on crypto assets entail. Crypto assets demonstrate extreme rates of volatility rendering investments in such products as high risk. Leverage could further exacerbate the risks

(c) a newly issued security which can reasonably be expected to fall within (c) when it begins to be traded.

of losing the entire invested amount in a short period of time. To this end, CySEC proposes prohibiting the marketing, distribution and sale of leveraged CFDs on crypto assets to retail clients, unless they fall within the upper tier of positive target market.

3.1.12. In line with the above, CySEC proposes:

- Retail clients falling within the grey area of target market should pay the following initial margin protection of the notional value of the CFD (i.e. leverage limits):

Type of Underlying	CySEC Proposal		ESMA's Threshold	
	Initial Margin Protection	Leverage Limit	Initial Margin Protection	Leverage Limit
Major Currency Pairs	5%	20:1	3,33%	30:1
Non-major currency pairs, gold and major indices	10%	10:1	5%	20:1
Commodities other than gold and non-major equity index	20%	5:1	10%	10:1
For individual equities and other reference values;	50%	2:1	20%	5:1
Crypto assets	100%	1:1	50%	2:1

- Retail clients falling within the positive target market should pay the following initial margin protection of the notional value of the CFD (i.e. leverage limits):

Type of Underlying	CySEC Proposal		ESMA Limits	
	Initial Margin Protection	Leverage Limit	Initial Margin Protection	Leverage Limit
Major Currency Pairs	3,33%	30:1	3,33%	30:1
Non-major currency pairs, gold and major indices	5%	20:1	5%	20:1

Commodities other than gold and non-major equity index	10%	10:1	10%	10:1
For individual equities and other reference values;	20%	5:1	20%	5:1
Crypto assets	100%	1:1	50%	2:1

➢ Retail clients falling within the upper tier of positive target market should pay the following initial margin protection of the notional value of the CFD (i.e. leverage limits):

Type of Underlying	CySEC Proposal		ESMA Limits	
	Initial Margin Protection	Leverage Limit	Initial Margin Protection	Leverage Limit
Major Currency Pairs	2%	50:1	3,33%	30:1
Non-major currency pairs, gold and major indices	3,33%	30:1	5%	20:1
Commodities other than gold and non-major equity index	5%	20:1	10%	10:1
For individual equities and other reference values;	10%	10:1	20%	5:1
Crypto Assets	50%	2:1	50%	2:1

Question 1: Do you agree with our proposal to adopt a risk-based approach on leverage in relation to CFDs?

Question 2: Do you agree with CySEC's proposal to prohibit the marketing distribution and sale of leveraged CFDs on crypto assets to retail clients unless they fall within the upper tier of positive target market?

Question 3: Do you agree with the leverage limits proposed for the clients falling within the grey area of target market?

Question 4: Do you agree with the leverage limits proposed for the clients falling within the positive target market?

Question 5: Do you agree with the minimum criteria set for considering a retail client to fall within the upper tier of positive target market?

3.2. MARGIN CLOSE-OUT PROTECTION

3.2.1. In relation to the margin close-out protection CySEC proposes to adopt the same requirements as provided for in the ESMA Decision on CFDs.

3.2.2. CySEC believes that this is a reasonable measure to address the risks laid down in the recitals of the ESMA Decision on CFDs

3.2.3. CySEC therefore proposes the closure of one or more of a retail client's open CFDs on terms most favourable to the client in accordance with Articles 24 and 27 of Directive 2014/65/EU when the sum of funds in the CFD trading account and the unrealised net profits of all open CFDs connected to that account falls to less than half of the total initial margin protection for all those open CFDs **(the “Margin Close-Out Protection)**.

3.2.4. Further clarifications in relation to the application of the Margin Close-Out Protection are provided in the ESMA Decision on CFDs and in the ESMA Q&As on Product Intervention and these clarifications are applicable in the case of CyNPIMs as well.

Question 6: Do you agree with CySEC’s proposal to adopt a Margin-Close Protection requirement as the one adopted by ESMA?

3.3. NEGATIVE BALANCE PROTECTION

3.3.1. CySEC proposes to adopt the same requirements as provided for in the ESMA Decision on CFDs in relation to NBP.

3.3.2. CySEC believes that this is a reasonable measure to address the risks laid down in the recitals of the ESMA Decision on CFDs.

3.3.3. CySEC reiterates that NBP means the limit of a retail client's aggregate liability for all CFDs connected to a CFD trading account with a CFD provider to the funds in that CFD trading account **(the "NBP Requirement")**.

3.3.4. The NBP Requirement must be triggered whenever margin close-out protection cannot be effectively applied due to extreme market events affecting the underlying of the CFD in question.

3.3.5. The reason for introducing the NBP was that, following the occurrence of such extreme events[17], retail clients have owed considerably more than they invested, ending up with a negative balance on their CFD trading account. To this end, Recital (119) of the ESMA Decision on CFDs provides that: "*The purpose of a negative balance protection is to ensure that an investor's maximum losses from trading CFDs, including all related costs, are limited to the total funds related to trading CFDs that are in the investor's CFD trading account. This should include any funds yet to be paid into that account due to net profits from the closure of open CFDs connected to that account. An investor should not incur any additional liability connected with its trading of CFDs. Other accounts should not be part of the investor's capital at risk. In case a trading account also includes other financial instruments (for example, UCITS or shares), only the funds explicitly dedicated to CFD trading, and not those dedicated to other financial instruments, are at risk".*

3.3.6. Further clarifications in relation to the application of the Margin Close-Out Protection are provided in the ESMA Decision on CFDs and in the ESMA Q&As on Product Intervention and these clarifications are applicable in the case CyNPIMs as well.

[17] Recital (118) of the ESMA Decision.

Question 7: Do you agree with CySEC's proposal to adopt an NBP Requirement as the one adopted by ESMA?

3.4. RESTRICTION ON THE INCENTIVES OFFERED TO TRADE CFDs

3.4.1. In order to address the risks emanating from incentivising retail clients to trade in CDFs by means of monetary or certain types non-monetary benefits (including by providing bonuses), CySEC intends to adopt the same restrictions as ESMA on the incentives offered to clients.

3.4.2. Such incentives might result in distracting retail clients from the risk entailed and luring them into CFDs trading.

3.4.3. To this end, CySEC believes that the CFD providers should not directly or indirectly provide the retail client with a payment, monetary or excluded non-monetary benefit in relation to the marketing, distribution or sale of a CFD, other than the realised profits on any CFD provided **(the "Restrictions on the Incentives Offered to Trade CFDs")**.

3.4.4. CySEC reiterates that "*excluded non-monetary benefit*" means any non-monetary benefit other than, insofar as they relate to CFDs, information and research tools.

3.4.5. Further information on the risks that such incentives entail are provided in the ESMA Decision on CFDs.

3.4.6. Further clarification on the application of the Restrictions on the Incentives Offered to Trade CFDs, are provided in the ESMA Decision on CFDs and in the ESMA Q&As on Product Intervention and these clarifications are applicable in the case CyNPIMs as well.

Question 8: Do you agree with CySEC's proposal to adopt Restrictions on the Incentives Offered to Trade CFDs as the ones adopted by ESMA?

3.5. STANDARDISED RISK WARNINGS

3.5.1. Investors should be in a position to make informed decisions. Therefore, CySEC considers a standardised and effective risk warning that provides details in relation to the risks that CFD trading with the specific CFD provider entails to be particularly important to this end.

3.5.2. In performing its supervisory duties, CySEC has encountered cases were CFD providers did not adequately disclose the risks that such investments entail. Further information on the risks arising from this could be found in the ESMA Decision on CFDs.

3.5.3. Prior to the introduction of such risk warning a considerable amount of supervisory time was devoted to providing guidance to investment firms on the content and prominence of risk warnings.

3.5.4. In view of the above, CySEC proposes a standardised risk warning as the one imposed by virtue of the ESMA Measures on CFDs.

3.5.5. In particular the CFD provider should not send directly or indirectly a communication to or publish information accessible by a retail client relating to the marketing, distribution or sale of a CFD unless it includes the appropriate risk warning specified by and complying with the conditions:

SECTION A

Risk warning conditions

1. The risk warning shall be in a layout ensuring its prominence, in a font size at least equal to the predominant font size and in the same language as that used in the communication or published information.

2. If the communication or published information is in a durable medium or a webpage, the risk warning shall be in the format specified in Section B.

3. If the communication or published information is in a medium other than a durable medium or a webpage, the risk warning shall be in the format specified in Section C.

4. By way of derogation to paragraphs 2 and 3, if the number of characters contained in the risk warning in the format specified in Section B or C exceeds the character limit permitted in the standard terms of a third party marketing provider, the risk warning may instead be in the format specified in Section D.

5. If the risk warning in the format specified in Section D is used, the communication or published information shall also include a direct link to the webpage of the CFD provider containing the risk warning in the format specified in Section B.

6. The risk warning shall include an up-to-date provider-specific loss percentage based on a calculation of the percentage of CFD trading accounts provided to retail clients by the CFD provider that lost money. The calculation shall be performed every three months and cover the 12-month period preceding the date on which it is performed ('12-month calculation period'). For the purposes of the calculation:
   a an individual retail client CFD trading account shall be considered to have lost money if the sum of all realised and unrealised net profits on CFDs connected to the CFD trading account during the 12-month calculation period is negative;
   b any costs relating to the CFDs connected to the CFD trading account shall be included in the calculation, including all charges, fees and commissions;
   c the following items shall be excluded from the calculation:
      i any CFD trading account that did not have an open CFD connected to it within the calculation period;
      ii any profits or losses from products other than CFDs connected to the CFD trading account;
      iii any deposits or withdrawals of funds from the CFD trading account.

7. By way of derogation from paragraphs 2 to 6, if in the last 12-month calculation period a CFD provider has not provided an open CFD connected to a retail client CFD trading account, that CFD provider shall use the standard risk warning in the format specified in Sections E to G, as appropriate.

SECTION B

Durable medium and webpage provider-specific risk warning

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

[insert percentage per provider]% of retail investor accounts lose money when trading CFDs with this provider.

You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

SECTION C

Abbreviated provider-specific risk warning

[insert percentage per provider]% of retail investor accounts lose money when trading CFDs with this provider.

You should consider whether you can afford to take the high risk of losing your money.

SECTION D

Reduced character provider-specific risk warning

[insert percentage per provider]% of retail CFD accounts lose money.

SECTION E

Durable medium and webpage standard risk warning

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

Between 74-89% of retail investor accounts lose money when trading CFDs.

You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

SECTION F

Abbreviated standard risk warning

Between 74-89% of retail investor accounts lose money when trading CFDs.

You should consider whether you can afford to take the high risk of losing your money.

SECTION G

Reduced character standard risk warning

74-89% of retail CFD accounts lose money.

Question 9: Do you agree with CySEC'sproposal to adopt standardized Risk Warnings as the ones required by ESMA?

4. Annex 1

TABLE 1															
Simulated approximate leverage levels for CFDs in MAJOR CURRENCIES with their implied probability of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period)															
Implied Probability	EURUSD	EURJPY	EURGBP	USDJPY	EURCHF	EURCAD	CHFJPY	CADJPY	CADCHF	GBPUSD	GBPJPY	GBPCHF	GBPCAD	USDCAD	USDCHF	Average
1.00%	26	18	28	23	31	26	30	16	19	25	16	22	26	25	24	24
2.00%	30	22	34	29	39	30	39	19	24	31	20	28	31	30	29	29
3.00%	33	25	38	32	44	33	47	22	27	35	23	31	35	34	33	33
4.00%	36	28	41	34	50	36	52	25	29	38	26	34	38	36	35	36
5.00%	39	30	44	37	55	38	58	27	32	41	29	37	40	39	37	39
6.00%	42	33	46	39	60	41	64	29	33	43	30	40	43	42	39	42
7.00%	44	35	48	42	63	42	69	30	35	45	32	42	45	44	41	44
8.00%	46	37	51	44	68	44	76	32	37	47	34	44	47	46	43	46
9.00%	48	38	53	46	71	46	83	34	39	50	36	46	49	49	45	49
10.00%	50	40	56	47	75	47	90	36	41	52	38	48	51	50	47	51
11.00%	53	42	57	49	79	49	98	37	42	54	39	49	53	52	48	53
12.00%	55	43	59	51	83	51	107	38	44	55	41	51	55	54	51	56
13.00%	57	45	61	53	87	53	114	40	45	58	42	53	57	55	52	58
14.00%	59	47	63	55	91	54	123	41	46	60	44	55	59	58	54	61
15.00%	61	49	64	57	95	56	134	43	48	62	45	57	61	59	56	63
16.00%	63	50	66	59	99	57	143	44	49	64	47	58	62	61	57	65
17.00%	65	52	68	61	102	59	154	45	50	65	49	60	64	63	59	68
18.00%	67	53	70	63	105	60	167	47	52	67	50	62	66	64	61	70
19.00%	69	55	72	64	108	61	180	48	53	69	52	64	68	66	62	73
20.00%	71	56	75	66	111	63	197	50	55	71	53	65	70	68	64	76

TABLE 2

Simulated approximate leverage levels for CFDs in MINOR CURRENCIES with their implied probability of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period)

Implied Probability	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	EURNOK	NZDUSD	USDCZK	USDDKK	USDHUF	USDMXN	USDNOK	USDRUB	USDSEK	USDTRY	USDZAR	Average
1.00%	21	17	13	22	17	20	30	26	18	17	25	14	18	19	12	27	13	13	19
2.00%	27	22	16	27	21	27	35	32	21	21	29	17	22	22	14	34	17	15	23
3.00%	30	26	19	30	25	31	39	36	24	23	33	19	25	24	15	40	19	17	26
4.00%	33	28	21	32	27	35	43	39	26	25	35	21	28	27	17	46	21	19	29
5.00%	35	30	24	34	29	38	45	42	28	27	38	22	30	29	18	52	22	20	31
6.00%	37	32	25	36	31	39	48	45	29	28	40	24	32	30	18	56	23	21	33
7.00%	39	34	27	38	33	41	50	47	31	30	42	25	34	32	19	62	25	22	35
8.00%	41	36	29	40	35	43	53	50	32	32	44	26	35	33	20	67	26	23	37
9.00%	43	37	30	41	37	45	55	52	34	33	46	28	37	34	20	72	27	23	39
10.00%	45	39	32	43	38	47	57	53	35	34	48	29	38	36	21	79	27	24	40
11.00%	47	41	33	44	40	49	58	55	37	35	49	30	40	37	21	85	28	25	42
12.00%	48	42	35	46	41	51	60	57	38	36	52	31	42	38	22	93	29	26	44
13.00%	50	44	36	48	43	53	62	59	39	37	54	33	43	39	22	103	30	26	46
14.00%	52	45	37	49	44	54	64	61	40	38	55	34	44	41	22	114	31	27	47
15.00%	53	46	39	51	46	57	66	63	41	39	57	35	46	42	23	124	31	27	49
16.00%	55	48	40	52	47	58	68	65	43	40	58	36	47	43	23	137	32	28	51
17.00%	57	49	41	54	49	60	70	67	44	41	60	37	49	44	23	156	33	29	53
18.00%	58	51	42	56	50	62	72	69	45	43	62	38	50	45	24	176	34	29	56
19.00%	60	52	43	57	51	63	74	70	47	44	64	39	51	46	24	195	34	30	58
20.00%	62	54	45	58	53	64	75	71	48	45	65	40	53	48	24	231	35	31	61

TABLE 3											
Simulated approximate leverage levels for CFDs in MAJOR INDICES with their implied probability of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period)											
Implied Probability	**ASX200**	**CAC40**	**DAX30**	**DOW30**	**EUROXX50**	**FTSE100**	**NASDAQ**	**NASDAQ Composite**	**NIKKEI225**	**S&P500**	**Average**
1.00%	16	13	12	13	12	13	12	13	12	17	13
2.00%	19	16	16	17	15	16	16	17	15	20	17
3.00%	22	18	18	19	17	18	19	20	16	23	19
4.00%	24	19	20	21	18	20	20	22	17	26	21
5.00%	26	21	21	23	20	22	22	23	19	28	23
6.00%	27	23	23	25	21	23	23	25	20	30	24
7.00%	29	24	24	27	22	25	25	27	21	32	26
8.00%	31	25	25	29	23	26	26	28	22	34	27
9.00%	32	27	26	31	25	28	28	30	23	36	28
10.00%	33	28	28	32	26	29	29	32	24	37	30
11.00%	35	29	29	34	27	30	30	33	25	39	31
12.00%	36	30	30	35	28	32	32	35	26	41	32
13.00%	37	31	31	37	29	33	33	36	27	43	34
14.00%	38	32	32	39	30	34	34	37	28	45	35
15.00%	39	33	33	40	31	36	35	39	29	47	36
16.00%	41	35	34	42	32	37	37	40	30	49	38
17.00%	42	36	35	44	33	39	38	42	31	51	39
18.00%	44	37	37	45	34	40	39	43	32	53	40
19.00%	45	39	38	47	35	41	40	44	33	54	42
20.00%	46	40	39	49	36	42	42	46	34	56	43

TABLE 4																	
Simulated approximate leverage levels for CFDs in MINOR INDICES with their implied probability of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period)																	
Implied Probability	**AEX**	**ASE**	**Bovespa**	**BUX**	**China50**	**China300**	**FTSE250**	**FTSEMIB**	**Hang Seng**	**IBEX**	**IPC Mexico**	**JSE40**	**NIFTY50**	**OBX**	**OMXS 30**	**Russell 2000**	**SMI**	**Average**
1.00%	13	7	9	11	8	8	12	11	13	12	12	12	10	9	11	11	16	10
2.00%	16	8	11	13	10	10	15	13	17	14	15	14	13	12	14	14	20	13
3.00%	18	9	13	15	11	11	17	15	20	16	18	16	15	14	16	16	23	14
4.00%	20	10	14	17	12	12	18	16	22	17	20	18	17	15	18	18	25	16
5.00%	22	12	15	18	14	13	19	17	23	18	21	19	19	16	20	19	27	17
6.00%	23	12	16	19	15	14	21	19	25	20	23	21	21	17	21	21	28	18
7.00%	25	13	17	20	15	15	22	20	26	21	25	22	22	19	23	22	30	19
8.00%	26	14	18	21	16	16	23	21	28	22	26	24	24	20	24	24	32	20
9.00%	27	15	18	22	17	16	25	22	29	23	27	25	25	21	25	25	33	21
10.00%	28	15	19	23	18	17	26	23	30	25	29	26	26	22	26	26	35	22
11.00%	30	16	20	24	19	18	27	24	31	26	30	27	28	23	28	27	37	23
12.00%	31	17	20	25	19	19	28	25	33	27	31	28	29	23	29	28	38	24
13.00%	33	17	21	26	20	19	29	26	34	28	32	29	30	24	30	29	40	25
14.00%	33	18	22	27	21	20	30	27	35	29	34	30	32	25	31	30	41	26
15.00%	34	19	23	27	22	21	31	28	37	30	35	31	33	26	33	32	43	27
16.00%	36	19	23	28	23	21	33	29	38	31	36	32	34	27	34	33	44	28
17.00%	37	20	24	29	23	22	33	30	39	32	37	32	35	28	35	34	46	29
18.00%	38	21	24	30	24	23	34	31	41	32	38	34	37	29	36	35	47	30
19.00%	39	21	25	30	25	23	36	32	42	33	39	35	38	31	37	36	48	31
20.00%	40	22	26	31	26	24	36	33	43	34	40	35	39	32	39	37	50	32

TABLE 5																
Simulated approximate leverage levels for CFDs in COMMODITIES with their implied probability of margin close out (50%), assuming that the CFD is open for one day (i.e. holding period)																
Implied Probability	**GOLD**	**BRENT**	**COCOA**	**COFFEE**	**COPPER**	**CORN**	**GASOLINE**	**Natural Gas**	**OrangeJuice**	**PLATINUM**	**SILVER**	**Soy Bean**	**SUGAR**	**WHEAT**	**WTI OIL**	**Average**
1.00%	13	7	10	11	10	8	8	7	7	21	12	15	7	7	6	10
2.00%	16	9	11	14	12	9	10	9	8	25	16	19	8	9	8	12
3.00%	18	10	11	15	13	10	11	11	9	29	19	22	9	10	9	14
4.00%	20	11	12	15	15	11	12	13	10	32	21	24	10	11	10	15
5.00%	22	12	13	16	16	11	13	14	11	35	24	26	10	11	11	16
6.00%	23	13	13	17	17	12	14	15	12	38	26	27	11	12	12	18
7.00%	24	14	14	18	18	13	15	16	12	42	28	29	11	12	12	19
8.00%	26	14	14	18	19	13	16	17	13	46	32	30	12	13	13	20
9.00%	27	15	15	19	20	14	17	18	13	50	34	31	12	13	13	21
10.00%	28	16	15	19	21	14	17	19	14	53	37	33	13	14	14	22
11.00%	30	17	16	20	22	15	18	20	15	57	40	34	13	14	15	23
12.00%	31	17	16	20	23	15	19	20	15	61	42	35	14	15	15	24
13.00%	32	18	17	21	24	16	20	21	16	67	44	36	14	15	16	25
14.00%	34	19	17	22	25	16	20	22	16	73	48	37	15	16	16	26
15.00%	35	19	18	23	26	17	21	22	17	82	51	39	15	16	17	28
16.00%	36	20	18	24	26	17	22	23	18	88	55	40	15	16	18	29
17.00%	37	20	19	24	27	18	23	23	18	105	59	40	16	17	18	31
18.00%	38	21	19	25	29	18	23	24	19	120	64	41	16	17	19	33
19.00%	39	22	20	25	29	18	24	24	20	131	71	42	17	18	19	35
20.00%	40	23	20	26	30	19	24	24	20	141	77	43	17	18	20	36

TABLE 6

Simulated approximate leverage levels for CFDs in EQUITIES with their implied probability of margin close out (50%), assuming that the CFD is open for 5 days (i.e. holding period)

Implied Probability	Alibaba	Amazon	Apple	Berkshire Hathaway	Facebook	Google	HSBC	Microsoft	InBev	Nestle	Novartis	Roche	Royal Dutch Shell	Samsung	Tencent	Average
1.00%	4	2	4	6	3	4	4	5	4	6	6	6	5	5	3	4
2.00%	5	3	4	7	4	5	6	6	5	9	8	7	6	6	3	5
3.00%	5	3	5	8	5	5	6	6	6	10	8	8	7	6	3	6
4.00%	5	4	5	8	5	6	7	7	6	10	9	8	8	7	4	7
5.00%	6	4	6	9	6	6	8	8	7	11	9	9	8	7	4	7
6.00%	6	4	6	10	6	6	9	8	7	12	10	9	9	7	5	8
7.00%	6	4	7	11	6	7	9	9	7	12	11	10	9	8	5	8
8.00%	6	4	7	12	7	7	10	9	8	12	11	11	10	8	5	9
9.00%	6	5	8	14	7	7	10	9	9	13	12	11	10	9	6	9
10.00%	7	5	8	15	7	8	11	10	9	14	12	12	10	9	6	10
11.00%	7	5	8	15	8	8	11	10	9	15	13	12	11	9	6	10
12.00%	7	5	9	16	8	8	12	11	10	16	13	13	12	9	6	10
13.00%	8	5	9	17	8	9	12	11	10	16	14	13	12	10	6	11
14.00%	8	6	10	18	9	9	13	12	11	17	14	13	13	10	7	11
15.00%	8	6	10	19	9	9	13	13	11	17	15	14	14	10	7	12
16.00%	8	6	10	19	9	9	13	13	11	18	16	14	14	11	7	12
17.00%	9	6	11	20	10	10	14	14	12	18	16	14	14	11	7	12
18.00%	10	6	11	20	10	10	15	14	12	19	16	15	15	12	8	13
19.00%	10	7	11	21	11	10	15	15	13	19	17	15	15	12	8	13
20.00%	10	7	12	22	11	11	16	15	13	20	17	16	16	13	8	14