

### Purpose of this document

This document, referred also as “Key Facts Statement”, does not constitute and/or should not be regarded as marketing material. It provides key information about Contracts for Difference to help you understand the nature, risks, costs and charges as well as other aspects of significant importance related to this product, and to be able to compare this product with other investment products.

### Product description

#### Type

A Contract for Difference (“CFD”) is a complex contract entered between two parties, typically described as a "buyer" and a "seller", stipulating that one party will pay the other the difference between the opening and closing market price of an Underlying Asset, net of any costs and charges related to the product and service offered (if the difference is positive, the buyer pays instead of the seller. If the difference is negative, the seller pays instead of the buyer). A CFD is a financial instrument that is traded over-the-counter and not through a regulated market; that means that the Company is at all times the counterparty to the client trades and any CFD trades entered into with the Company can only be closed with the latter. A CFD enables you to obtain indirect exposure to an underlying asset such as a security, commodity, index, currency and other asset types. This means you will never own the underlying asset, but you will make gains or incur losses as a result of price movements in the underlying asset.

A CFD is a leveraged product, which means you only pay a margin (collateral), which corresponds to a fraction of the actual position value. When opening a CFD position, you decide if you want to invest in rising or falling prices for the underlying asset. The difference between the price at the opening of the position and the price at the closing of the position multiplied by your traded volume determines your profit or loss. Any positions that are left open overnight are ‘rolled over’ and therefore may be subject to swap fees. For further details in regards to swap fees you may refer to the Contract Specifications on the Company’s website.

Margin trading requires extra caution: while large profits can be realized in cases where the price moves in your favor, there is also a risk for incurring extensive losses if the price moves against you. The Company provides negative balance protection<sup>1</sup> for your trading account(s), which means that you will not be able to lose more than the amount you have available in your trading account(s).

The available CFD products can be found on the official website of the Company and on the trading terminal.

#### Objectives

CFD trading serves as an alternative investment method, accommodating varying trading styles among clients.

There is no determined or recommended holding period for a CFD. The investor should decide when to open and close a CFD while considering relevant and applicable fees and charges or margin requirements. Investors trading CFDs should have an adequate balance on their account, and if needed, deposit additional funds to avoid any forced closures on open positions when the market moves against them and the minimum margin requirement for maintaining the position(s) open is not met.

#### Intended investor

Trading CFDs is not appropriate for everyone. CFD trading is intended for investors who have investment knowledge and/or trading experience with leveraged products, and understand the impact and risks associated with margin trading. Such investors should have a high risk tolerance and be willing to accept rapid price fluctuations. Investors should be

<sup>1</sup> This does not apply for the B2B business.

aware that CFD trading could result in losing all the funds available in their trading account(s), including any accumulated profits, and as such, they should only trade with capital they can afford to lose. Investors must understand that CFD trading can lead to high returns as well as high losses in a short period of time, and must be in a position to understand the difference and risk/reward profile between CFD trading and trading of traditional financial products. Furthermore, CFDs are usually intended for persons who would like to use the product for short-term investment, speculative trading, portfolio diversification and/or hedging of exposure on an underlying asset.

## Risks & returns

Please consider our [Risk Disclosure and Warning Notice](#), the Client Agreement, and other general terms and agreements available on our [website](#) before using our products and services. Please ensure you fully understand and accept the risks involved. Trading CFDs may not be suitable for you. CFDs are leveraged products that due to underlying market movements may generate losses rapidly.

CFD trading requires you to maintain a certain level of funds in your trading account in order to open position(s) and keep them open. This is called the *initial margin* and *maintenance margin* respectively. You will be able to open a position by depositing only a small percentage of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your trading result. Once the margin level hits a certain percentage (refer to the Contract Specifications on our website), you will receive a *margin call*. A margin call is a notification sent in your trading terminal stating that it is necessary to deposit or close your position(s) to avoid stop out. Once the margin level reaches 0%, one or more of your positions will be forcibly closed. This in accordance with the Company's margin close-out policy. You could, therefore, lose your entire balance. Traders should not rely on the margin call and should take their own precautions.

The Company's CFDs are not listed on any exchange, and all prices and trading conditions are set by the Company. The contract can be closed only with the Company, and is not transferable to any other provider. If you have multiple positions open through the Company, your risk may be cumulative and not limited to one position. This product does not include any protection from future market performance so you could lose some or all of your balance. This includes your deposit(s) as well as any accumulated profits. There is no capital protection against market risk, credit risk or liquidity risk.

The tax regime of the country in which you are domiciled may impact your return.

**Trading CFDs is not suitable for all. You should consider your investment objectives, risk tolerance and experience before deciding to trade these products.**

**If you are not in a position to understand all the risks related to CFD trading, you might consider seeking independent advice. Further informative material about the product and its risks is available on our website.**

## Performance scenarios

The Key Facts Statement is not specific to a particular CFD. It applies to all CFDs offered on the Company's platform(s). However, each CFD you enter into with the Company is specific to you and your choices. For each trade, you will be responsible for choosing the underlying instrument, when you open and close the trade, the trading volume of each order and whether to use any risk mitigation features and trading strategies, such as making use of stop loss orders, or of any other pending orders. Each instrument has different characteristics, such as contract size per lot. For example, for currency pairs, the contract size for 1 lot is 100,000 units of the base currency, for stocks, 1 lot is 100 shares, etc. You can find the contract size for each underlying type in the Contract Specifications on the Company's website.

The table below shows the potential profit or loss you may have under different scenarios. Each of the performance scenarios is based on a trading account with only one open position.



Market developments in the future cannot be accurately predicted. The performance scenarios below are only an indication of some of the possible outcomes. Actual returns could be lower or higher.

**Assumptions Used:**

CFD Portfolio - CFD on a commodity		
Open a position on single CFD instrument XAUUSD		
Opening Price	OP	1,908.66
Trade size (per CFD)	TS	0.1
Lots size	LS	100
Margin %	M	0.50%
Margin requirement (USD)	$MR = OP \times TS \times M \times LS$	95.43
Notional Value of the Trade (USD)	N	19,086.60

LONG POSITION					SHORT POSITION				
Performance scenario	Closing price	Price change	Profit /Loss	Return on investment	Performance scenario	Closing price	Price change	Profit /Loss	Return on investment
Favorable	1927.75	1%	190.87	200.00%	Favorable	1889.57	-1%	190.87	200.00%
Moderate	1918.20	0.50%	95.43	100.00%	Moderate	1899.12	-0.50%	95.43	100.00%
Unfavorable	1870.49	-2%	-381.73	-400.00%	Unfavorable	1946.83	2%	-381.73	-400.00%
Stress	1813.23	-5%	-954.33	-1000.00%	Stress	2004.09	5%	-954.33	-1000.00%

Losses are limited to your total account balance, as the Company offers negative balance protection<sup>2</sup>. In addition, the Company offers "Stop Out Protection<sup>3</sup>" which can protect against stop outs in the event of sudden spread widening while the middle price (mid-price) remains constant. **The effect of negative balance protection and StopOut protection is not reflected in the profit/loss and return on investment numbers illustrated in the table above.** More details in regards to the [market protection tools](#) that the Company may offer are available on our website.

The results of trades on instruments that are denominated in a different currency to that of the trading account, are subject to a bid/ask spread in the conversion rate, and are exposed to FX risk.

The figures do not take into account your personal tax situation, which may also affect how much you get back.

Buy orders result in a profit when the closing price (bid) is higher than the opening price (ask). If the closing price is lower than the opening price then buy orders will suffer a loss.

Sell orders result in a profit when the closing price (ask) is lower than the opening price (bid). If the closing price is higher than the opening price then sell orders will suffer a loss.

**Associated costs**

Depending on the product you trade, you may incur some or all of the following costs:

This table shows the different types of costs related to trading CFDs			
One-off costs	Spread	Applicable to all CFDs	The spread is the difference between the bid (buy) and the ask (sell) price on the specific instrument you trade. This cost is realized every time you open and close a trade.

<sup>2</sup> Not applicable for the B2B business.

<sup>3</sup> If the Company reasonably suspects, based on your trading strategy or other operations, that you make use of any form of prohibited trading techniques, or conduct operations which aim to exploit and/or benefit from the internal Stop Out Protection or perform other doubtful operations or in you are in default as described in the Client Agreement, the Company reserves the right to terminate/cancel/modify/revoke this from a client's account. Note that this feature may not be available for some accounts with unlimited leverage, to achieve a balance between trader benefits and risks.

	Commission	Applicable only to Raw Spread and Zero accounts	A standard trading commission to specific account types is applied and is based on the trading volume in both directions - i.e. open and close - and this is charged together when the position is opened. Trading commission can vary depending on the instrument traded, but all details are readily available to traders in our Contract Specifications.
	Currency Conversion	Applicable depending on the base currency of the trading account	The Company does not apply any mark-up conversion fee. However, any credits, realized profits and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of the trading account will be converted to the base currency of the trading account at the prevailing market buy or sell price. Depending on the trading account type, the currency conversion spread varies. For further details, refer to our Contract Specifications.

Ongoing costs	Swap fee (Financing cost)	Applicable to all CFDs which are not swap-free*	This is the cost for keeping your position open overnight. The swap cost can be positive or negative depending on the instrument traded.
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\*There are currently two types of swap-free trading accounts offered; namely those offered to **Islamic regions** (swap-free by default) and those offered to non-Islamic regions. For the **non-Islamic regions**, there are 2 levels of swap-free status:

- **Standard swap-free:** clients have no swap charges for holding positions open overnight for the following instruments: BTCUSD, ETHUSD, LTCUSD, indices and stocks.
- **Extended swap-free:** is offered by default to all applicable trading accounts created by clients in non-Islamic countries. Clients under the Extended Swap-free level do not have swap charges on the Standard swap-free instruments plus: AUDNZD, AUDUSD, EURCHF, EURUSD, GBPJPY, GBPUSD, NZDUSD, USDCAD, USDCHF, USDJPY, AUDCHF, AUDJPY, EURAUD, EURCAD, EURGBP, EURJPY, EURNZD, GBPCHF, GBPUSD, NZDJPY, NZDCAD, XAUUSD, BTCXAU, BTCXAG, BTCTHB, BTCAUD, BTCZAR, BTCCNH, BTCJPY, & BTCKRW.

Note that swaps will be charged for all other instruments where applicable.

An account's swap-free status is determined based on the trading activity and can change between the swap-free levels accordingly.

To maintain Extended swap-free status, you need to trade mostly within the day and have a low number of overnight positions.

More specific details on the costs and charges applicable for each CFD account type and underlying CFD asset can be found on the Company's official website (specifically in the Contract Specifications section, and/or in the Fees section), and/or on the Client Terminal and/or on the Trading Platform.

### Other relevant information:

Other relevant information and documentation, such as the Client Agreement and the Complaints Handling Procedure, can be found on the Company's [website](#) section concerning legal documentation. It is important for you to read and understand these documents before opening an account and start trading with the Company.

Any query and/or concern and/or issue you may have in respect of the services provided by us under the Client Agreement should be made in writing and addressed to the Customer Support Department at [support@exness.com](mailto:support@exness.com).