

## Key Investor Information Document: CFDs on Forex

### PURPOSE

This document provides you with key information about this investment product. It is not marketing or legally binding material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product and to help you compare it with other products. Before deciding to open an account, we suggest that you read the whole document together with our terms and conditions.

**You are about to trade on a market that is not simple and may be difficult to understand.**

**PRODUCT:** Contract for Differences “CFDs” on Currency Pairs (“Foreign Exchange” or “FOREX”). Further details regarding the Products we currently offer as CFDs can be found on our website [here](#). This document was last updated on 14/11/2018.

### MANUFACTURER

K-DNA Financial Services Ltd, authorised and regulated by the Cyprus Securities and Exchange Commission (‘CySEC’), CIF License No. 273/15 registered at 56, Griva Digeni, Anna Tower, 1<sup>st</sup> Floor, 3063 Limassol, Cyprus. For more information, call +357 25 254070 or please visit us at <https://finmarket.com/contact-us/>

### WHAT IS THIS PRODUCT?

The product enables you to have exposure to fluctuations related to the underlying currency pair without physically owning it. A Forex contract is a type of Contract for Differences (CFD) which is an agreement between a buyer and a seller to exchange the difference in value of a particular underlying instrument for the period between when the contract is opened and when it is closed. The difference to be exchanged is determined daily by the change in the closing reference price of the underlying instrument. Thus, if the underlying instrument rises in price, the buyer receives cash from the seller and vice versa.

The objective of trading CFDs on currency pairs is to allow the trader to speculate on rising or falling prices in the underlying currency pair, by gaining exposure to the underlying currency pair.

Forex trading is the simultaneous buying and selling of two different currencies. When you trade in the forex market, you buy or sell in currency pairs. The first currency in a currency pair (in our example EUR) is known as the base currency and the second (in our example USD) is known as the quote or counter currency. When you click buy or sell, you are buying or selling the first currency in the pair (base currency). The price of the CFD is derived from the price of the underlying currency pair.

Forex traders buy EUR/USD pair if they believe that the Euro would increase in value relative to the US dollar (i.e. “going long” on the pair) or sell EUR/USD pair (i.e. “going short” on the pair), if they believe the value of the Euro will go down relative to the US dollar. In both circumstances, if the instruments price moves in the opposite direction and your position is closed, your account would be debited for the loss of the trade (plus any relevant costs).

Forex contracts are not listed (exchange-traded) instruments, but are traded as 'over-the-counter' contracts between the client and the Company. Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. This initial margin will be returned when the position is closed.

### WHO IS THIS ACCOUNT MOST SUITABLE FOR?

- Clients who have a high-risk tolerance;
- Clients who want to generally gain short term exposures to financial instruments/ markets, and have a diversified investment and savings portfolio;
- Clients who are trading with money which they can afford to lose;
- Clients who have experience with, and are comfortable trading on, financial markets and understand the impact of and risks associated with margin trading.

### WHO IS THIS ACCOUNT NOT SUITABLE FOR?

- Clients who do not want to be subjected to volatile markets;
- Clients who want capital protection.

### WHAT CAN I TRADE?

With your FOREX account you can trade CFDs in the currency pairs indicated [here](#)

### RISK AND REWARD PROFILE

The primary advantage of CFDs is to allow an investor to gain leveraged exposure to the movement of the underlying asset (e.g. Forex) either up or down without owning the physical product. You can expect the following benefits:

- CFDs are a cost-effective way to gain exposure to FX markets
- CFDs are characteristically liquid and easily traded
- You can sell (short) CFDs, and benefit from a downward price movement or buy (long) CFDs, and benefit from an upward price movement
- The pricing of CFDs is transparent
- Access to live prices
- Set up alerts to new opportunities that match your trading strategy
- The ability to manage risk by setting up a 'price watch' and 'stop loss' facility and/ or 'take profit' facility

The primary risks of CFDs is the market risk and; counterparty risk. CFDs are complex financial instruments and are traded Over the Counter ("OTC"). You can only exit a position by trading with us, during the trading hours of the underlying instrument as stated on our Website. Through your trade with us, you receive by us exposure to the performance of the underlying asset, but you do not receive any ownership or other rights to such underlying asset. CFDs are leveraged products. Leverage can magnify both your profits as well as your losses. Statistically, because of leverage, a significant part of clients lose because leverage amplifies losses, leading to margin calls and closures of clients' open positions.

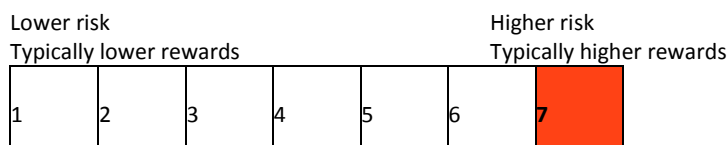
We operate a Negative Balance Protection, i.e. you cannot lose more than the Equity of your trading account, however you risk losing the capital invested with us. Since CFDs can employ a high degree of leverage, investors can lose and/ or win money quickly should the price of the underlying security move in the undesired/desired direction. As such, investors should be careful when using CFDs.

CFD trading is undertaken on electronic platforms. There may be times that system or other breakdowns arise. This may affect your ability to trade, or our ability to offer continuous prices or create a need for subsequent adjustment of prices to reflect underlying exchange prices.

Prices of CFDs as well as their commercial terms like the spreads and overnight fees maybe varied to reflect periods of actual or expected heightened market volatility. Depending on the currency your trading account is denominated and the currency of the underlying instrument you trade, your final return maybe exposed to the exchange rate risk between the two currencies.

#### RISK INDICATOR

The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level. Poor market conditions are very likely to impact the capacity of K-DNA Financial Services Ltd to pay you.



The risk indicator is set at 7 (i.e. very high risk) due to the fact that:

- It is volatile and is subject to unforeseeable swings.
- Spread may widen with reduced liquidity.
- Your entire investment may be at risk.

#### PERFORMANCE SCENARIOS

The below table illustrates how your investment could perform (i.e. potential profit and loss) under different scenarios.\* These scenarios assume that:

- you have a starting equity of \$1000 and you choose to open a long/short 10k position;
- this particular currency pair has a pip cost of \$1 per 10k;
- the currency pair open price is 1.10000.

Scenarios		Trade P/L	New Equity
Stress scenario: You go long (buy), the price falls by 40 pips and you receive a margin call.	Open Price: 1.10000 Close Price: 1.09600	-\$40	\$960

Unfavourable scenario: You go short (sell), the price increase by 7 pips and you exit the position.	Open Price: 1.10000 Close Price: 1.10070	-\$7	\$993
Moderate scenario: You go long or short and exit the position at the same rate at which you entered	Open Price: 1.10000 Close Price: 1.10000	\$0	\$1000
Favourable scenario: You go long (buy), the price increases by 5 pips and you exit the position	Open Price: 1.10000 Close Price: 1005.00	\$5	\$1005

\*Overnight holding costs or commissions are not included.

There are a number of types of trading risk which you should be aware of before trading. Factors which affect the product's performance include but are not limited to:

- Leverage risk
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest
- Currency risk

The above list of risks is non-exhaustive. Regarding currency risk, in cases that the quote currency of the trading pair is other than the currency of your trading account, received payments for profit on difference are made in the quoted currency which is different to the currency of your trading account, so the final return you will receive depends on the exchange rate between the two currencies (account currency and quoted currency). This risk is not considered in the indicator mentioned above. Trading risks are magnified by leverage. In times of high volatility or market/economic uncertainty, values may fluctuate significantly. Such fluctuations are even more significant in case of leveraged positions and may adversely affect your positions. In the event of default, your positions may be closed out. You should carefully consider whether trading in leveraged products, such as CFDs, is appropriate for you. For more information on leverage and the Company's Risk Disclosure Policy please [Click here](#) to visit the Company's website.

Please ensure you fully understand the risks and take care to manage your exposure. It is important to ensure that you are comfortable with the level of risk your chosen instruments carry. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

#### HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

CFDs are generally not suitable for long term investments and are intended for short term trading. There is no minimum and/ or recommended holding period for CFDs. As such, you can open and close a CFD at any time during market hours. Note that K-DNA Financial Services Ltd may close your position without asking your prior consent if there is no sufficient margin in your account. You can request a withdrawal of available funds on your account at any time.

#### MINIMUM INVESTMENT

Regarding each new FOREX position, its minimum exposure value, the initial deposit percentage and initial margin requirements you may refer to the Company's [Leverage Policy](#)

#### FEES & COSTS

You are advised to get an understanding of all the one-offs costs and recurring costs regarding CFDs on Index which you are about to trade. These charges will reduce any net profit or increase your losses. For more information [Click here](#)

#### One-off costs

Spread	The difference between the bid and the ask price at the time of the conclusion of the transaction. The cost can be different depending on market conditions and currency pair.	<a href="#">Click here</a>
--------	--	----------------------------

Commission	The fee to be charged at the opening and closing of the transaction. The fee concerns all the trading accounts.	
------------	---	--

#### Recurring Costs

Swap Point Rates	Holding positions for another day results in the charge of fee if the swap rate is negative (if swap rate is positive you will receive payment).	<a href="#">Click here</a>
------------------	--	----------------------------

#### ACCESS TO YOUR INVESTMENT:

- You can view your account online anytime by logging onto our secure website.
- You can buy and sell CFDs on Forex during market hours. [Click here](#) to see market hours in the information section of our trading page.
- Depending on your bank, the transfer can take a further two (2) days.

#### TAX CONSIDERATIONS

As a FOREX trader, all profits are deemed as taxable income. You are then taxed on profits at your marginal tax rate K-DNA Financial Services Ltd does not provide yearly tax statements or any information about tax. For further tax considerations, please consult your financial adviser or tax consultant.

#### WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

If the Company is unable to meet its financial obligation to you, you may lose the value of your investment with the Company. However, the Company is a member of the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), which secures the claims of the covered Clients against CIFs, members of the ICF, through the payment of compensation which may not exceed €20.000 in total to each covered client, irrespective of the number of accounts held, currency and place of offering the investment service. For more information, please visit <https://finmarket.com/safety-of-funds/>

#### HOW CAN I COMPLAIN

If you have a complaint, then you should contact the Customer Support Department of the Company by email at [support@finmarket.com](mailto:support@finmarket.com) OR Compliance Department at [compliance@finmarket.com](mailto:compliance@finmarket.com) OR in writing as shown at <https://finmarket.com/contact-us>

#### OTHER RELEVANT INFORMATION

Further information with regards to this product can be found on our website. You should ensure that you read all our legal information displayed in the legal section of our [here](#)