

Key Investor Information Document: CFDs on Cryptocurrencies

1. Introduction

This document provides you (the “Client”) with key information about this investment product. It is not marketing material and it is not a legally binding document. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of 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 the terms and conditions. <https://finmarket.com/legal-terms-conditions-2/>

2. Product

Product: Contract for Differences “CFDs” on Cryptocurrencies.

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, 1st Floor, 3063 Limassol, Cyprus. For more information, call + 357 25 254070 or please visit us at <https://finmarket.com/>

You are about to purchase a product that is not simple and may be difficult to understand.

3. General Risk Warning

CFDs are considered complex financial products and may lead to sudden total loss of capital invested and may not be suitable for all investors. Before trading, you should carefully consider your investment objective, level of experience and risk appetite, you should not invest money you cannot afford to lose, you should be aware of all the risk associated with CFDs trading and seek advice from independent financial advisor in you have any doubts. **CFDs on margin carries a high level of risk and may not be suitable for all investors.** For more details with regards to the risks involved, please refer to risk disclaimer found on the Company’s website <https://finmarket.com/>

4. Product Information

CFDs shall mean a contract, which is a contract for differences by reference to variations in the price of an Underlying Asset. CFDs are complex financial products in accordance with the applicable law. They are traded on an 'over-the-counter' ('OTC') basis and not through a regulated market. CFDs are agreements to exchange the difference in value of a particular underlying instrument between the time at which the agreement is entered into and the time at which it is closed, allowing the investors to replicate the economic effect of trading in particular currencies or other asset classes without requiring actual ownership. When trading CFDs there is no physical exchange of assets; therefore, financial settlement results from the difference at the time the position is closed and the price of the underlying asset (formulated by the Counterparty) at the time the position is opened.

CFDs traders buy one or more CFD contracts if they believe that the value of the underlying instrument is going to increase; conversely, traders sell CFD contracts at a specific value if they believe that the value of the underlying instrument is going to decrease. In both circumstances, if the underlying instrument price moves in the opposite direction and the position is closed, the traders’ account would be debited for the loss of the trade (plus any relevant loss). Investors are required to pay an initial deposit, margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. For more information on leverage, please visit <https://finmarket.com/>

The objective of CFDs trading is to allow investors to speculate on the short-term movements in the price of the underlying instruments. CFDs are speculative products and incorporate product features, such as leverage and automatic close-out. The value of a CFD varies depending on the behaviour of the underlying asset’s price, so as to reflect the changes in the price of the underlying asset, at each moment. The underlying assets of the CFDs offered by K-DNA Financial Services Ltd are as follows: <https://finmarket.com/cfds/#>

What is the underlying instrument?

K-DNA Financial Services Ltd may offer CFDs on various underlying instruments. In this case, the underlying asset is a Cryptocurrency. The cryptocurrencies we currently offer as CFDs can be found in our webpage <https://finmarket.com/cfds/#>

What are cryptocurrencies?

The most common cryptocurrencies are Bitcoin, Ethereum, Litecoin and Ripple. Cryptocurrencies are virtual currencies, which are encrypted digital representation of value that are neither issued by a central bank or public authority, that function as a medium of exchange, a unit of account, and/ or a store of value, do not have legal tender status in any jurisdiction and are traded on non-regulated decentralized digital exchanges. The pricing of cryptocurrencies is derived from specific cryptocurrency exchanges and are traded on cryptocurrency exchanges.

Objectives

By trading a CFD you gain an indirect exposure to the underlying financial instrument without owning it. Through your trading 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. This product is appropriate only for speculative investment purposes. This is because cryptocurrencies are a relatively new type of instrument, remain to be unregulated by most Financial Authorities and in the European Union are not, at the date hereof, covered by the Markets in Financial Instruments Directive.

Who is this account most suitable for?

Trading in this product is highly speculative and involves a significant risk of loss. This product is for clients with a relatively short-term investment horizon who intend to use the product for speculative trading, and is not suitable for all investors but only for those who (i) have high risk tolerance, understand and are willing to bear the risks involved, including the risks associated with margin trading; (ii) possess the necessary experience and knowledge about trading in derivatives and the underlying instruments; and (iii) are financially able to bear the risk of a total loss (i.e. 100% loss) of their invested amounts, subject to the negative balance protection mechanism offered by the Company.

5. Tax considerations

As a trader of CFDs, 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 advisor or tax consultant.

Warning: Trading CFDs on margin carries a high level of risk and may not be suitable for all investors. Historical data may not be a reliable indication for the future. Your investment is linked to the market value of the instruments and is not guaranteed. Your investment returns may not perform as expected and you may lose more than your initial deposit and could be required to deposit additional funds in order to keep your positions open.

6. What are the risks and what could I get in return? - Summary Risk Indicator (SRI)

The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. This indicator measures the level of risk at which your investment may be exposed. The risk category is not guaranteed and may shift over time. The lowest category does not mean “risk-free”. The CFDs on cryptocurrencies display a grade of 7 on a scale ranking from 1 to 7. They therefore exhibit (because also of leverage and movements in the markets) the highest risk characteristics.

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards



The risk indicator is set at 7 due to the fact that the product is volatile and is subject to unforeseeable swings, spread may widen with reduced liquidity and your entire investment may be at risk. 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. For more information on leverage, please visit <https://finmarket.com/>

You will never lose more than the Equity of your trading account as we offer Negative Balance Protection (NBP).

This product does not include any protection from future market performance so you could lose some or all of your investment. This includes both your deposit(s) as well as any accumulated profits. 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. You are not able to transact on an instrument suspended by any exchange. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

7. Performance Scenarios

This is a Key Investor Document (KID) for the entire asset class of cryptocurrencies. You should refer to the performance of individual cryptocurrencies to have regard to past performance and performance scenarios as these cannot be presented herein. However, you are cautioned that cryptocurrencies are a relatively new asset class with very volatile performance. For more information please refer to the Company’s Best Execution Policy https://finmarket.com/wp-content/uploads/2017/09/order_execution_policy.pdf

8. What happens if the Company is unable to pay out?

If the Company is unable to meet its financial obligations 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 CIFs, which secures the claims of the covered Clients against Cyprus Investment Firms, 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/legal-investment-compensation-fund/>

9. Cost and Charges

Before you begin to trade CFDs you should familiarise yourself with all one-off, ongoing, and incidental costs for which your account will be liable. These charges will reduce any net profit or increase your losses. For more information please check below.

The charges you pay are used to cover the costs of our operational activities, including the costs of obtaining market / price data from the underlying exchanges, the costs of us hedging the trading you undertake with us (if we choose to do so), the staff costs, our regulatory license costs, our funding costs as well as the marketing and distribution costs. We may also have trading gains from the trades that you enter with us, moreover we do not pay any interest on any clients’ money you may have in your account with us.

Please consult your own advisor to understand the nature of our below costs and charges in case you have further questions on the below table:

One off costs - At the time of your trade	Spreads	Spread is the difference between the Bid price (selling price) and the Ask price (buying price) and reflects, in part, the spreads of the underlying exchange where the instrument is traded on. Our spreads maybe hybrid or variable. Given the volatile nature of cryptocurrencies, we have the right to change spreads at regular intervals. Please refer to our https://finmarket.com/account-types/ for more information on the spreads which we charge which may be substantial.
	Currency conversion rates	Investing in CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.
Ongoing charges	Overnight Rollover Swap	We charge overnight fees for facilitating you to maintain an open Buy or Sell position on CFDs. These are ongoing fees/ credits for as long as you have open trades with us.
Other costs	Inactivity Fee	Inactive accounts are subject to a fee, kindly refer to our website https://finmarket.com/legal-terms-conditions-2/
		Commission added on Tied Agents or Business Partners: K-DNA Financial Services Ltd may charge extra commission on Clients accounts, however, the Tied Agent or the Business Partner might request to charge clients introduced by them with certain amount, and clients shall be informed on such charges accordingly.

10. How can I complain?

We apply a comprehensive complaints management policy. You are entitled to submit a complaint at any time in your trading experience with us, where you may feel that our service has not met your satisfaction. When you wish to submit a formal complaint, you can do so by completing the Complaint Procedure. <https://finmarket.com/legal-complaints-handling-procedure/>

You will be able contact your account executive in order to follow an internal audit request or to apply to CySEC for the quality of the services we offered to you if not convinced. You may communicate your complaint to the CySEC at <http://www.cysec.gov.cy/en-GB/complaints/how-to-complain/> or other competent authorities. You may refer to the relevant Cypriot Courts or Alternative Dispute Resolution (ADR) mechanisms.

11. Other relevant information

Clients must read, understand, and acknowledge the Account Opening Agreements prior to on-boarding. Such information can be accessed at the Company's website <https://finmarket.com/legal/> Risk Disclosure, Order Execution Policy, Terms and Conditions, Conflict of Interest Policy, Client Categorization Policy, Complaints Handling Policy and the Privacy Policy).