

# KEY INFORMATION DOCUMENT

## CFD on an FX Pair

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## 1. PURPOSE

**1.1** This document provides you with key information about this investment product. It is not marketing material. 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.

**1.2** CFD on an FX Pair is offered by FXGlobe Ltd (hereinafter referred to as “the Company”), a Company established and organised under the Laws of Cyprus through the Registrar of Companies and Official Receiver under registration number HE254133 and regulated through the Cyprus Securities and Exchange Commission (hereinafter referred to as “the CySec”) under licence number 205/13. For more information, visit the Company’s website at [www.fxglobe.com](http://www.fxglobe.com) or email at [info@fxglobe.com](mailto:info@fxglobe.com).

## 2. RISK WARNING

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

## 3. PRODUCT INFORMATION

### 3.1. Type

**3.1.1** A Contract For Difference (“CFD”) is a leveraged product entered into with the Company on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying FX Pair.

**3.1.2** An investor has the choice to buy (or “go long”) the CFD to benefit from the rising FX Pair price; or to sell (or “go short”) the CFD to benefit from falling FX Pair prices.

**3.1.3** The price of the CFD is derived from the price of the underlying FX Pair price. For instance, if an investor is long on ABC Company CFD and the price of the underlying FX Pair rises, the value of the CFD will increase- at the end of the contract the Company will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the cash price of the underlying FX Pair falls, the value of the CFD will decrease- at the end of the contract they will pay the Company the difference between the closing value of the contract and the opening value of the contract.

**3.1.4** The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

### 3.2. Objectives

**3.2.1** The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX Pair (whether up or down), without actually needing to buy or sell the underlying FX Pair. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin and is one of the key features of trading CFDs.

**3.2.2.** By way of example, if an investor buys 1000 CFD units with an underlying FX Pair price of 500, the initial investment will be €100 (500 x 1000). In this case the notional value of the contract is €500,000 (500 x 1000). This means that for each 1 point change in the price of the underlying FX Pair so the value of the CFD changes by €10. For instance, if the investor is long and the market increases in

value, a €10 profit will be made for every 1 point increase in that market. However, if the market decreases in value, a €10 loss will be incurred for each point the market decreases in value. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that market, and a loss for any increases in the market.

**3.2.3** The CFD does not have a pre-defined maturity date and is, therefore, open-ended. There is no recommended holding period for either and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

**3.2.4** Failure to deposit additional funds in order to meet the margin requirement as a result of negative price movement may result in the CFD being auto-closed. This will occur when losses exceed the initial margin account. The Company also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

### **3.3. Intended Retail Investor**

**3.3.1** CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage. Indeed, investors should understand the risk/reward profile of the product compared to traditional share dealing. Investors should also have appropriate financial means and the ability to bear losses up to equal to the amount invested.

**3.4. Risks And Return**

#### **3.4.1 (a) Risk Indicator**



**! The Risk Indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.**

- The summary Risk Indicator 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 the Company is not able to pay you.
- The Company has classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance of the product at a high level.
- CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. However, due to negative balance protection, your losses cannot exceed the amount invested.
- Be aware of currency risk. It is possible to buy or sell CFDs on a FX Pair in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.
- Market conditions may mean that your CFD trade on a FX Pair is closed at a less favourable price, which could significantly impact how

much you get back. The Company may close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to the Company, or if you contravene market regulations. This process may be automated.

- This product does not include any protection from future market performance so you could lose some or all of your investment. If the Company is not able to pay you what is owed, you could lose your entire investment.

However, you may benefit from the Investor Compensation Fund. For more details, please [click here](#) (redirect the client to the investor compensation fund legal document)

#### **3.4.1 (b) Performance Scenarios**

- The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The

scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD. The stress scenario shows what you might get back in extreme market circumstances and it does not take into account the situation where the Company is not able to pay you.

#### **FX Pair CFD (held intraday)**

FX Pair Opening Price	P	6000
Trade Size	TS	4
Margin %	M	1%
Margin Requirement (€)	$MR=P \times TS \times M$	€240
Trade Notional Value (€)	$TN=MR/M$	€24.000

**Table 1**

<b>LONG Performance Scenario</b>	<b>Closing Price (inc. spread)</b>	<b>Price Change</b>	<b>Profit/Loss</b>	<b>SHORT Performance Scenario</b>	<b>Closing price (inc. spread)</b>	<b>Price change</b>	<b>Profit/Loss</b>
Favourable	6090	1.5%	<b>€360</b>	Favourable	5910	-1.5%	<b>€360</b>
Moderate	6030	0.5%	<b>€120</b>	Moderate	5970	-0.5%	<b>€20</b>
Unfavourable	5910	-1.5%	<b>-€360</b>	Unfavourable	6090	1.5%	<b>-€360</b>
Stress	5700	-5.0%	<b>-€1.200</b>	Stress	6300	5.0%	<b>-€1.200</b>

- The figures shown include all the costs of the product itself. If you have been sold this product by someone else, or have a third party advising you about this product, these figures do not include the cost you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

#### **4. INABILITY OF THE LIQUIDITY PROVIDER TO PAY OUT**

**4.1** If the Company is unable to meet its financial obligations to you, you may lose the value of your investment. However, the Company segregates all retail client funds from its own money in accordance with CySec's rules and regulations. The Company also participates

in the Investor Compensation fund which covers the clients' non- invested capital in case the Company is rendered unable to meet its obligations. For more information please read our Investor Compensation Fund Policy here (redirect the client to the investor compensation fund legal document)

#### **5. COSTS**

**5.1** Trading a CFD on an underlying FX Pair incurs the following costs (the table shows the different types of cost categories and their meaning):

<b>Cash and Futures</b>	<b>Once-off entry or exit costs</b>	<b>Spread</b>	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
		<b>Currency Conversion</b>	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your

account and a currency conversion fee will be charged to your account.

<b>Cash Only</b>	<b>Ongoing Costs</b>	<b>Daily Holding Cost</b>	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs.
<b>Cash and Futures</b>	<b>Incidental costs</b>	<b>Distributor fee</b>	The Company may from time to time share a proportion of the Company's spread, commissions and other account fees with other persons including a distributor that may have introduced you.
<b>Futures Only</b>	<b>Other costs</b>	<b>Rollover costs</b>	The Company charges you to roll over a futures contract into the next month or quarter, equal to half the applicable spread to open and close a trade.

## 6. DURATION OF TRADE

**6.1** CFDs are intended for short term trading, in some cases intraday and are generally not suitable for long term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD on a FX Pair at any time during market hours.

## 7. COMPLAINTS

**7.1** If you wish to file a complaint please contact the Company at the email address [complaints@fxglobe.com](mailto:complaints@fxglobe.com). In case you do not feel that your complaint has been resolved in your satisfaction, you may refer your complaint to the Financial Ombudsman Service ("FOS"). For more information visit [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## 8. OTHER RELEVANT INFORMATION

**8.1** In case there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading.

**8.2** The Legal Documents section of the Company's website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.

**8.3** The Company's Market Information sheets contain additional information on trading a CFD on an underlying FX Pair. These can be found on the trading platform.