

KEY INVESTOR INFORMATION

COMPLEX FINANCIAL PRODUCTS

A responsible investment requires that you know all the implications and are willing to bear said implications

Product: Contracts for Differences ('CFDs')

Counterparty: FxPro Financial Services Limited, authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC') (license no. 078/07) and the Financial Services Board of South Africa ('FSB') (license no. 45052) with a registered office at Karyatidon 1, Ypsonas 4180, Cyprus (hereinafter referred to as 'FxPro').

Principal Distributor: FxPro Financial Services Limited, authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC') (license no. 078/07) and the Financial Services Board of South Africa ('FSB') (license no. 45052) with a registered office at Karyatidon 1, Ypsonas 4180, Cyprus.

Custody of Client Assets ('funds'): FxPro Financial Services Limited, authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC') (license no. 078/07) with a registered office at Karyatidon 1, Ypsonas 4180, Cyprus (hereinafter referred to as 'FxPro').

Specific Warnings to the Prospective Investor

This Complex Financial Product:

- **May involve the sudden loss of all the invested capital;**
- **It can provide zero income;**
- **It is subject to the credit risk of FxPro Financial Services Limited**
- **It implies the client bears certain costs, fees, commissions and/ or charges;**
- **It is subject to potential conflicts of interest in the activities of the calculation agent (FxPro Financial Services Limited) and the Counterparty (FxPro Financial Services Limited);**
- **Trading CFDs is not tantamount to the acquisition or initial transaction of the underlying asset;**
- **The position of the investor can be closed at any time by the Counterparty under certain conditions.**

Description of the Product's Main Features

Product Description and Operation

The CFD is a complex financial product, in accordance with applicable law, traded on an OTC market. It is a contract differential between two parties, the buyer and seller, which states that at the closing date for the position, each party undertakes to financially settle gains or losses resulting from the difference between the notional value of the sales transaction and the purchase transaction. The CFD allows exposure to leverage, since each party is only required to submit the margin for the trade, as further reported in "Financial Leverage".

How, when and on what basis the investor pays or may pay:

- CFDs are traded at the price disclosed by FxPro, based on formulated and issued by the counterparty price.
- Opening a position is subject to the deposit of free margins for trading, sufficient to cover its margin requirement.
- In a long position to close a position the investor pays capital losses resulting from the difference if positive, between the opening value and closing value. A short position to close a position the investor pays capital losses resulting from the difference if positive, between the closing price and aperture value.
- Maintaining position involves debit / credit interest in the investor's account, as defined in "Cost of maintenance of the position."
- Trading CFDs does not confer the rights to the underlying instrument traded, including but not limited to, voting rights however generates a fiscal flow utilising the underlying asset as a benchmark as defined in 'Underlying Assets'.

How, when and on what basis the investor receives or may receive:

- In the event the client closes a long position ('buy'), the investor is subject to capital gains resulting from the difference of the closing price and opening price, if positive. In the event a client closes a short position ('sell'), the investor is subject to capital gains resulting from the difference of the opening price and closing price, if positive.

- In the event the client closes a short position ('sell'), the investor is subject to capital gains resulting from the difference of the opening price and closing price, if positive. In the event a client closes a short position ('sell'), the investor is subject to capital gains resulting from the difference of the opening price and closing price, if positive.
- Maintaining a position is subject to positive or negative charges to the client, as defined in the 'Charges' section.
- Trading CFDs does not confer the rights to the underlying instrument traded, including but not limited to, voting rights however generates a fiscal flow utilising the underlying asset as a benchmark as defined in 'Underlying Assets'.

When, how and under what circumstances and/ or consequences the investment ceases or may be terminated:

- The investment in a CFD end with the closing of a client's position. The closure of a position may occur:
 - I. At any time at the initiative of the investor, during the trading hours / period indicated by the Counterparty ('FxPro') for the respective financial instrument, which can be consulted on FxPro's website or the respective trading platform;
 - II. At the initiative of the Counterparty when there is excessive usage of margin or the position's margin fall below the following limits for each platform offered: **MT4** -discretionary right to close the position when margin reaches 25% and force closure when margin levels reach 20%; **MT5**- discretionary right to close the position when margin reaches 40% and force closure when margin levels reach 30%; **cTrader**-discretionary right to close the position when margin reaches 40% and force closure when margin levels reach 30%; **FxPro Markets** - discretionary right to close the position when margin reaches 40% and force closure when margin levels reach 30% .
 - III. At the initiative of the Counterparty in the event the underlying asset of a CFD (shares) is no longer admitted to trading;
 - IV. At the maturity of the underlying asset, where applicable (CFDs on Futures and Commodities).

Financial Leverage (or 'Gearing')

- CFD trading, unlike traditional trading, enables the investor to trade the markets by paying only a small fraction of the total trade value. However, it should be noted that leverage, or gearing as it is often referred to, means that a relatively small market movement may lead to a proportionately much larger movement in the value of the investor's position
- FxPro offers 'Negative Balance Protection' ('NBP') thus a client may not lose more than their initial invested capital.
- CFDs are complex financial products (derivatives), and allow the investor to obtain a leveraged exposure (from 1:1 up to 1:500) on the underlying asset (financial instrument). A leverage higher than 1:1, implies that the investor must deposit with FxPro an amount referred to as the 'margin' in order to open a long ('buy') or short ('sell') position.
- Margin is calculated by taking into consideration the following parameters: **Notional Value** (contract size * opening price); **Maintenance Margin** ('Free Equity') as displayed on the trading platforms offered; and **Initial Margin** (required to open the position) which is calculated by trade size (lot size) / leverage) * account currency exchange rate (if different from the base currency in the pair being traded).
- The given margin calculations apply for the below situations; **Position without a 'Stop-Loss'** (Maintenance Margin * notional value of the position); **Positions without a guaranteed 'Stop-Loss'** Monetary risk position (*long position*: the difference between the opening price and the 'stop-loss' price; *short position*: the difference between the stop price and the opening price) + (Notional value of the position * maintenance margin * initial margin).
- For all open positions the investor must maintain the applicable margin requirements disclosed above. However, these requirements are subject to prices quoted on the respective platforms as published by FxPro and specific parameters of the financial instrument and its underlying asset traded as disclosed by FxPro on its website (maintenance margin and initial margin).

Margin Enhancement

- FxPro uses the following data in order to validate an investor's margin requirements ;'**Free equity**' ((cash balance + unrealized profit of open position(s)) – unrealized losses of open position(s)); **Unrealized PnL**, which takes into consideration the client's open position(s) current balance; '**Free margin**'; Equity – margin; and '**Margin Level**'; Equity/ margin.
- Open positions may be automatically closed by FxPro subject to the below conditions for each of the trading platforms; **MT4** -discretionary right to close the position when margin reaches 25% and force closure when margin levels reach 20%; **MT5**- discretionary right to close the position when margin reaches 40% and force closure when margin levels reach 30%; **cTrader**- discretionary right to close the position when margin reaches 40% and force

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- It is the responsibility of the client to monitor their margin levels of open positions; clients may deposit funds to their 'FxPro Vault' account during trading hours 24/5 (Monday 00:00 – Friday 24:00 (GMT+2)).
- It is the responsibility of the client to verify any deposits are made in advance taking into consideration the processing times required (see our website for estimates on each payment processing method accepted) prior to the discretionary and/ or force closure margin limits being reached.
- In the event margin levels of open positions fall beneath the aforementioned levels, the discretionary and/ or force closure of the positions by FxPro shall be undertaken automatically in the following manner for each platform: **MT4**- at market price, starting from the most unprofitable (highest unrealised loss) position; **MT5**- at market price, by fair stop-out (starting from the position requiring the highest margin); **cTrader**- at market price, by smart stop-out (starting from the position requiring the highest margin, until the margin level reaches above the smart stop-out level); and **FxPro Markets** - at market price, by smart stop-out (starting from the position requiring the highest margin, until the margin level reaches above the smart stop-out level).

Underlying Assets

- Equity CFDs are exposed to the cash flows that are subject to events (corporate actions) relating to the underlying asset. For example, with regards to dividends, in the event a client maintains a long ('buy') position they shall be credited with the dividend, whereas a client who maintains a short ('sell') position shall be subject to a reverse-dividend payment, whereby the dividend shall be deducted from their account. In the event of a stock-split or reverse stock-split, client's positions shall reflect the corporate adjustments (both quantity and price) as well as the respective platforms at no additional cost to the client. Prominent rights associated to shares are not granted on equity CFDs, however FxPro shall adjust CFD prices taking into consideration the applicable corporate events.
- Indices CFDs are priced based on the cash index value plus the cost of carry and FxPro's mark-up (variable at the Firm's discretion) which results in a spread.
- When a company, whose underlying asset is offered by FxPro as a tradable equity CFD, undergoes a stock split investors shall retain the same amount of capital pre the increase; this means a client's overall position shall reflect the corresponding increase in the number of shares reflect the new trade value per share at no cost to the client.
- The price of CFDs on commodity futures, bonds, interest rates or Forex considered, mainly: (i) futures contracts (contract of purchase or sale of an asset at a given time future at a specific price agreed today). The contracts are standardized, i.e., standardized as to quantity, delivery date and location, using the nearest maturity and greater liquidity or (ii) a set of statistical methods for financial assets.
- FxPro acts as a hybrid-agency model, whereby client trades are first internalised, and where this is not possible, sent to the market for execution.

Pricing and other related information

- During market open times (Monday 00:00 to Friday 24:00 (GMT+2)) the prices of CFDs are calculated by FxPro based on the underlying corresponding instrument in real-time. For further information please visit FxPro's website at <http://www.fxpro.co.uk/documents/legal-information>.
- The settlement of an order, where the account's currency differs to that of the base currency of the CFD, shall be undertaken at the market-price at the time of settlement. (market price include FxPro's spread as well)

Costs of Maintaining a Position

- Whenever you keep a position open overnight a swap/rollover fee is charged. Swap is the interest rate differential between the two currencies in the pair that you are holding, and is calculated according to whether your position is long or short.
- Depending on the position held and the interest rates of the currency pair involved in a transaction a investor will either be credited or debited with financing; the operation is conducted at 23:59 server time and the resulting amount is automatically converted into the investor's balance currency. From Monday to Thursday swap is charged once and on Fridays swap is charged in triple size. It should be noted that FxPro charges its own interest; the rollover interest rates of FxPro are based on the overnight rate provided by the Prime Broker. The calculation for swaps is as follows: $((\text{one pip} / \text{exchange rate}) * (\text{trade size}) * (\text{swap value in points}))$. This is applied to both long ('buy') and short ('sell') positions.

Key Risk Factors

- **Market Risk:** Investing in CFDs carries the risk resulting from the appreciation / depreciation of assets prior to, during and following a number of factors (such as important new events) resulting in the fluctuations of exchange rates, interest rates, prices, and other relative aspects of underlying instruments affecting CFDs offered by FxPro.
- **Capital Loss:** Investing in CFDs may result in the loss of your invested capital.
- **Credit Risk:** Investing in CFDs is an over-the-counter ('OTC') transaction, so investors are exposed to the risk FxPro may be unable to meet its obligations in full and/ or in a timely manner in the event of bankruptcy or insolvency.
- **Counterparty Risk:** Investing in CFDs carries the risk FxPro as the counterparty to all trades, may be unable to fulfil its commitments resulting in the loss of the value of the CFD even though subsequent price movements of the underlying asset favour the direction of the investor's position.
- **Interest Rate Risk:** Investing in CFDs carries the risk resulting from adverse movements in interest rates, as these movements affect the investor when taking into account the daily swap (rollover) rates related to open positions held overnight.
- **Foreign Exchange Risk:** Investing in CFDs, as with any financial instrument, involves exposure to currency risk (directly or indirectly) which may result in the sudden depreciation of the CFD being traded resulting in the significant or total loss, of the capital invested.
- **Liquidity Risk:** Investing in CFDs may result in a lack of available liquidity in the market to execute an order resulting in an investor being unable to close a position at a desired price and/ or time and potentially leading to a significant or total loss of the capital invested.
- **Conflicts of Interest Risk:** Investing in CFDs may result in the risk of conflicts of interest, particularly because FxPro is the Counterparty in all transactions and also the party responsible for providing clients with the end-pricing on CFDs taking into account discretionary values including mark-ups, which may influence an investor's open position(s).
- **Legal and Tax Risk:** Investing in CFDs may be subject to legal, regulatory and taxation rules consequently impacting the profitability of the CFD and/ or position(s) of a client.
- **Technical Risk:** Investing in CFDs carries the risk arising from the possible inability to access the platform and/ or access information relating to the price of a CFD, following technical problems with the platform. In addition, these operations involve operational risks arising from transactions being automatically processed, that is, the risks associated with the use of electronic platforms for trading, particularly related to the use of software and telecommunication systems such as bugs, delays in receiving / sending data, service interruptions, errors in the disclosure of data and network security breaches.
- **Force Closure Risk:** Investing in CFDs runs the risk of positions being force-closed by the Counterparty without the client's consent due to the use of leverage (margin trading) in the event a client's margin level reaches a pre-determined rate (for more information see 'Margin Enhancement' section). Certain volatile trading conditions (abnormal market conditions) may result in 'gaps' in prices at market opening leading to high variations in the margin used without the investor being able to close the position or deposit additional funds to increase their margin in time. Such events may lead to the loss of the invested capital.

ADDITIONAL MATERIAL RISK FACTORS WHICH MAY DIRECTLY IMPACT AN INVESTOR'S CAPITAL AND PROFITABILITY WHEN TRADING CFDs.

Scenarios and Odds

Worst Outcome:

- The worst outcome possible is an investor losing their deposit, subject to the direction of the CFD; for a long ('buy') position this may occur when the price of the CFD goes against this direction, so falls, and for a short ('sell') position this may occur when the price of the CFD goes against this direction, so increases. As FxPro offers negative balance protection. It is not possible for an investor to lose more than their initial deposit.

Best Outcome:

- The best outcome cannot be quantified as there is not upper limitations, however an investor may earn more than their initial deposit subject to the direction of the CFD; for a long ('buy') position this may occur when the price of the CFD goes in this direction, so increases, and for a short ('sell') position this may occur when the price of the CFD goes in this direction, so decreases.

Charges to Investors

- Charges applicable to investors are advertised on FxPro's website and comprise of; spreads and/ or interest from using leverage (detailed in the 'Costs of Maintaining a Position' section) and/ or charges related to the settlement of a CFD in another currency (detailed in the 'Pricing and other related information' section).
- For further information visit <http://www.fxpro.co.uk/documents/legal-information>.
- Both long ('buy') and short ('sell') positions are subject to daily swap (rollover fees) which may be in the favour of the investor or against them. The calculation for swaps is as follows: $((\text{one pip} / \text{exchange rate}) * (\text{trade size}) * (\text{swap value in pips}))$.
- There are expenses relating to the deposit and withdrawal methods, which can be viewed at <http://www.fxpro.co.uk/trading/info/deposit>.
- Open positions are not subject to other costs, excluding the possibility of client losses.

Other Information

Regulatory Authority

- The Cyprus Securities and Exchange Commission and the Financial Services Board of South Africa are the regulatory authorities responsible for the supervision and enforcement of regulations concerning the provision of complex financial products in Cyprus and South Africa.

Complaints

- A client may address a complaint to FxPro in writing, and address it to the Compliance Department which is the responsible department for overseeing such matters. Any complaint will be dealt promptly, and where further time is required in order to investigate the claim this shall be notified to you. A final detailed response shall be communicated to the client following the results of the investigation and in the event the client disagree with the outcome provided, instructions on how to address this matter to the competent regulatory authority shall be provided.
- Questions concerning the execution of orders and /or queries regarding the force closure of positions should be raised with the Dealing Department. In the event the client is not satisfied with the initial response provided by the Dealing Department, all communication and details should be forwarded to the Compliance Department as per above.
- All disputes arising from the provision of investment and/ or ancillary services between FxPro and the investor and/ or any proceedings and/ or their settlement shall take place in the competent courts of the Republic of Cyprus.

Calculation Agent

- FxPro Financial Services Limited

Principal Distributor

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- FxPro is responsible for the reception and transition of client orders in accordance with the applicable rules and regulations of the Cyprus Securities and Exchange Commission and the Financial Services Board of South Africa.
- FxPro undertakes an 'Appropriateness' test in order to determine the suitability of the products ('CFDs') on offer to prospective clients prior to their on-boarding. In the event we deem this product is not fit for a prospective client's needs or to their personal situation, then the account application shall automatically not proceed.

Custodian

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Tax Regime applicable 'financially adjustable' products

- Trading CFDs may be subject to capital gains tax in your local jurisdiction. You should seek independent legal advice in the event you are unsure if this applies to you.

Rights to Terminated the Service Agreement

- The business relationship is enforced for an indefinite period, during which time the client may terminate this agreement by contacting FxPro directly, or closing their account(s) held through the online portal www.direct.fxpro.com. FxPro shall keep records of the client for a minimum of 5 years in accordance with national legislation.

Trading Days

- The days and times of CFD trading range for each underlying asset, which can be consulted via the trading platforms available to clients.

Trading Platforms

- FxPro offers its clients the choice of MT4, MT5, cTrader and/ or FxPro Markets platforms, available through internet access on the PC, mobile phone or tablet or through application of Internet store discharged through the Google and Apple for mobile phones/tablets with Android and IOS operating system, respectively. This platform allows you to monitor, modify, and enter orders, consult prices and monitor the use of margin.
- Orders placed on the aforementioned platforms are automatically transmitted to FxPro which ensures the trades are executed in accordance with the Order Execution Policy available at <http://www.fxpro.co.uk/documents/legal-information>.

Legal Documentation and Regulatory Consultation

- The information contained in this information document should be read in conjunction with other legal documentation will in particular the contractual information and available at <http://www.fxpro.co.uk/documents/legal-information>.
- Information regarding the trading platforms can be obtained on FxPro's website.
- Additional may also be obtained at www.cysec.gov.cy.

Legal Entity Responsible for preparing the KIID

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