

# KEY INFORMATION DOCUMENT - CFD ON AN FX PAIR

## **FXGlobe Limited**

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Regulated by the Cyprus Securities and Exchange Commission (CySEC),

License Number 205/13

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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. CFDs on FX Pairs are 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 agreement between two parties (Buyer and Seller) to exchange the difference in value between the opening and closing price for a particular asset, in this case underlying FX Pair.
- 3.1.2. Trade opening price would be the price in effect at the moment the agreement is made at while the closing price would be the price at which the agreement is executed.
- 3.1.3. FX is always traded in currency pairs (e.g EUR/GBP) and involves the simultaneous buying and selling of two different currencies. The first currency referenced on a currency pair (in our example EUR) is known as the base currency whilst the second (GBP) is known as the variable currency. The price of the CFD is derived from the price of the underlying FX pair, which may reference either the current (“spot”) price or a forward (“future”) price.
- 3.1.4. FX trading gives the investor the choice to buy (or “go long”) the currency pair if they think the price of the base currency will rise on relation to the variable currency. For instance, if an investor is long on EUR/GBP 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 spot 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.
- 3.1.5. A CFD referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date- a date upon which the contract either automatically closes or must be rolled into the next period. 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 speculate on price movements in an underlying asset by obtaining a 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 asset. 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. Client's return depends on movements in the price of the underlying asset and the size of Client's stake.

3.2.3. By way of example, if EUR/GBP is trading at 0.84950/0.84960. If an investor buys 50.000 CFDs with an initial margin amount of 0.5%, the required margin will be €200 (0.5 x 50.000). The effect to leverage, in this case 200:1 (0.5%) means that for each 1 point change in the price of the underlying FX pair so the value of the CFD changes by €6. For instance, if the investor is long and the market increases in value, a €6 profit will be made for every 1 point increase in that market. However, if the investor is short, a €6 loss will be incurred for each point the market decreases in value.

3.2.4. 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.

3.2.5. To open a position and to protect the Company against any losses the Client incurs, the Client is required to deposit a percentage of the total value of the contract in his account. This is referred to as the margin requirement. Trading on margin can enhance any losses or gains that the Client makes.

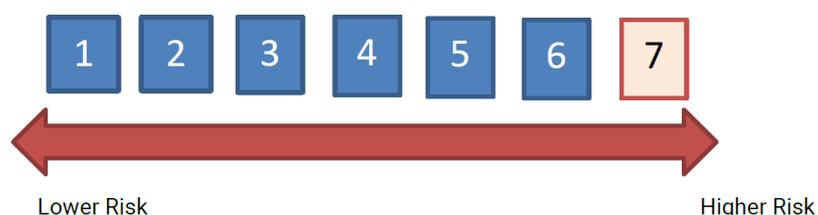
3.2.6. Failure to deposit such value in order to meet the margin requirement as a result of negative price movement may result in the CFD being auto-closed. This will occur when losses exceed the initial margin account.

### 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 is closed at a less favourable price, which could significantly impact how much you get back.
- CFD trading requires you to maintain a certain level of funds in your account in order to open position(s) and to keep Client's position(s) open. This is called the initial margin and maintenance margin respectively.
- Leverage can significantly magnify your gains and losses. If the funds in your account decrease to the point that they will soon become insufficient to keep your position(s) open – meaning that your equity is getting close to the total maintenance margin – a margin alert will be issued, asking you to consider depositing additional funds. If you fail to deposit additional funds and the market continues to move against you, the Company may close your position(s) (immediately and without notice) and you will realize any losses. Our CFDs are not listed on any exchange, and the prices and other conditions are set by us in accordance with our best execution policy.
- The contract can be closed only with us, and is not transferable to any other provider. If you have multiple positions with us, 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 investment.

#### 3.4.2.(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)**

<b>FX pair Opening Price</b>	<b>P</b>	<b>0.84955</b>
<b>Trade Size</b>	<b>TS</b>	<b>0.5 (5 per point)</b>

<b>Margin %</b>	<b>M</b>	<b>0.50%</b>
<b>Margin Requirement (€)</b>	<b>MR=P x TS x M</b>	<b>€200</b>
<b>Trade Notional Value (€)</b>	<b>TN=MR/M</b>	<b>€50,000</b>

**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	0.86229	1.5%	<b>€740</b>	Favourable	0.83681	-1.5%	<b>€740</b>
Moderate	0.85380	0.5%	<b>€250</b>	Moderate	0.84530	-0.5%	<b>€250</b>
Unfavourable	0.83681	-1.5%	<b>-€760</b>	Unfavourable	0.86229	1.5%	<b>-€760</b>
Stress	0.80707	-5.0%	<b>-€2,600</b>	Stress	0.89203	5.0%	<b>-€2,600</b>

The figures shown include all the costs of the product itself excluding commission and other fees as per Client's Agreement (Terms and Conditions) and which can be found on the website in the "Trading Conditions" section or on the MT4 platform directly, or any other Legal documentation on the Company's website. 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](#)

#### **5. COSTS**

- 5.1. There are various charges and fees applicable when trading CFDs. Such information can be found on the website in the "Trading Conditions" section or on the MT4 platform directly, or any other Legal documentation on the Company's website. For instance: Commissions, spread<sup>1</sup>, mark-up, swaps, etc. There are no additional charges for opening / activating your trading account, however there may be extra charges for withdrawing funds from your account. Sufficient information can be provided by the Company upon contacting a Customer Support Representative.
- 5.2. Before you proceed with your trading activity, please review the applicable charges and decide accordingly. Any charges might change from time to time, to this extent, the Company suggests to regularly review its Legal Documentation and the relevant website sections, specifically the "Trading Conditions" tab. Charges and Costs are subject to changes and the most recent applicable fees are visible on the relevant Company's website sections, specifically the "Trading Conditions" tab.
- 5.3. In addition to the above, the Company charges swaps Overnight Financing (OF) for deals that remain open at the end of the daily trading session. This fee may be subject to credit or debit, calculated on the basis of the relevant interest rates for the currencies in which the underlying instrument is traded, plus a mark-up. Overnight Financing Percentage means that an applicable amount will be subtracted (debited) from the investor's account.

<sup>1</sup> spread is the difference between the Sell ("Bid") and Buy ("Ask") price of the CFD which is multiplied by the deal size.

If the CFD's quoted currency differs from the account's currency, it will be converted to the account's currency at the prevailing exchange rates.

- 5.4. Moreover, all accounts that are inactive for 90 days or more will be considered as "Dormant Accounts". in such cases. When an account becomes "dormant", it will be automatically charged an inactivity fee of \$30 per each month of inactivity (the "inactivity fee"). Such inactivity fee will be applied when it qualifies for the charging period explained herein, without any notice to the Client, and shall be deducted from the available cash balances in the Dormant Account. Further information about the inactivity fees are provided in Client Agreement (Terms and Conditions) of the Company.

Summary of possible incurred costs (the table shows the different types of cost categories and their meaning) - not exhaustive list):

Cash and Futures	One-off entry or exit costs	Spread	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.
		Currency Conversion	
			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.
Cash Only	Ongoing costs	Daily holding cost	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.
Cash and Futures	Incidental costs	Distributor fee	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.
Futures Only	Other costs	Rollover costs	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 do not have any maturity or termination date, the Client is able to decide when to open and close his position(s). However, 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 an 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.