

# Key Information Document - CFD on a Forex Instrument

## Purpose

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.

## Product

CFDs on Forex instruments are offered by Tradestone Limited (hereinafter the “Company”, “We” or “Us”), registered in the Republic of Cyprus. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 331/17. For further information please call +357 25 313540 or visit <https://www.fbs.eu/en>. This document was last updated on the 01<sup>st</sup> February 2024.



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

## What is this product?

### Type

This investment product is a Contract for Differences (hereinafter the “CFD”) on a forex instrument. A CFD is an Over the Counter (hereinafter the “OTC”) leveraged financial instrument and its value is determined based on the value of an underlying asset. The investor makes a profit or a loss on the CFD based on the direction chosen (Buy or Sell) and the direction of the value of the underlying asset. The CFD is settled in cash only and the investor has no rights whatsoever on the actual underlying asset. This document provides key information on CFDs where the underlying investment that you choose is a foreign exchange derivative instrument such as EUR/USD or GBP/USD.

### Objectives

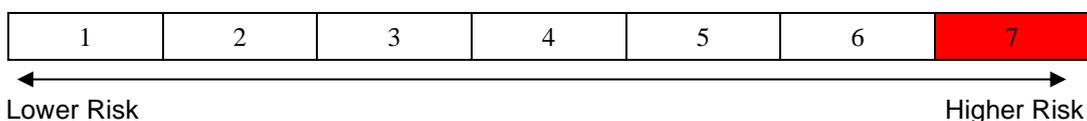
The objective of trading CFDs is to speculate on price movements in an underlying asset. For example, if you believe the value of a currency pair instrument is going to increase, you buy a number of CFD contracts (this is also known as "going long"), with the intention to later sell them when they are at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below). Otherwise, if you think that the value of a currency pair is going to decrease, you would sell a number of CFDs (this is also known as "going short") at a specific value, expecting to later buy them back at a lower price than you previously agreed to sell them for, resulting in us paying you the difference, minus any relevant costs.

### Intended Investor

CFDs are intended for investors who wish to make directional transactions and take advantage of short to long term price movements in the rates of currencies and have the ability to sustain the risk of loss of their entire investment amount within a short period of time. Those investors have knowledge of, or are experienced with, leveraged products, and have a full understanding on how the prices of CFDs are derived as well as the key concepts of margin and leverage.

## What are the risks and what could I get in return?

### Risk Indicator





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by your side

Tradestone Ltd  
CySEC License 331/17

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- Summary Risk Indicator: 7.
- The risk indicator assumes that a CFD contract is held for 24 hours. The actual risk can vary significantly if you cash in at an early stage and you may get back less. Forex CFDs have high risk.
- 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 we are unable to pay you.
- We have classified this product as 7 out of 7, which is the highest risk class. This rates potential losses from future performance at a very high level. This can result in large gains or losses.
- The total loss you may incur may exceed the amount posted as margin since CFDs are leveraged products. In the event of high market volatility or low liquidity, your position can be severely affected, and your positions may be closed out due to margin calls.
- This product does not include any protection from future market performance so you could lose some or all your investment. There is no capital protection against market risk, credit risk or liquidity. However, you may benefit from a consumer protection scheme. The indicator shown above does not consider this protection.
- Be aware of currency risk. You may receive payments in a different currency depending on the product, so the final return you get may depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.
- CFDs may be affected by slippage or the inability to close the product at a desired price due to unavailability of such price in the market. CFDs are OTC products and cannot be sold on any exchange, Multi-Lateral Trading Facility (hereinafter the "MTF") or other trading venue.

## Performance Scenarios

There are several types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Information on factors that affect the performance of this product are detailed below including but not limited to:

-  Leverage Risk
-  Unregulated Market Risk
-  Risk of unlimited loss
-  Market disruption risk
-  Margin risk
-  Foreign exchange risk
-  Conflicts of Interest
-  Online trading platform and IT risk
-  Market Risk
-  Counterparty risk

**Future market developments cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns can be lower.**

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 will get 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 we are not able to pay you.

For more specific trading examples in this specific product can be found [here](#).

CFDs on Forex		EURUSD
Opening Price	P	1.102
Trade size (per CFD)	TS	1 LOT (equivalent to 100,000 EUR)
Margin %	M	3.33%
Margin Required	MR=P x TS x M	3,333EUR
Notional value of the trade	TN=TS x P	110,200.00USD

LONG Performance Scenario	Closing Price	Price Change	Profit/Loss in €	SHORT Performance Scenario	Closing Price	Price Change	Profit/Loss in €
Favourable	1.15	4%	3,846.15	Favourable	1.06	-4%	4,166.67
Moderate	1.12	2%	1,960.78	Moderate	1.08	-2%	2,040.82
Unfavourable	1.06	-4%	-4,166.67	Unfavourable	1.15	4%	-3,846.15
Stress	1.02	-7%	-7,526.88	Stress	1.18	7%	-6,542.06



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Please be aware that if you are classified as Retail Client, the loss will be restricted to your account balance as we offer negative balance protection. The figures shown in the performance scenarios do not consider your personal tax situation, therefore the tax legislation of your home member state may have an impact on the actual pay-out.

### What happens if Tradestone Ltd is unable to pay out?

If the Company becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible to compensation of up to €20,000 by the Investor Compensation Fund ("ICF") set up by the Cyprus Securities and Exchange Commission.

For more information, please visit our [Investor Compensation Fund Policy](#)

### What are the costs?

The Company charges only a spread when an investor trades CFDs on Forex. The spread per each underlying asset is detailed on the Company's website by clicking [here](#). The below table portrays an illustration of types of costs along with their meaning:

<b>One-off costs</b>	<i>Spread</i>	This is the difference between the Bid and Ask price
	<i>Commission</i>	CFDs on Forex Transactions do not bear any commission charge at FBS.
	<i>Currency conversion</i>	The cost of converting the Profit or Loss resulting from the trades from the quote currency to the currency of your Trading Account
<b>Recurring costs</b>	<i>Swap fees</i>	This is the financing cost in case the client decides to roll back the position to an earlier date or roll over the position to a later date than the value date. Depending on whether the position is long or short and the prevailing interest rates of the relevant currency, your account may be credited or debited with the Swap fee. Please refer to our website by clicking <a href="#">here</a> .

### How long should I hold it, and can I take money out early?

CFDs on Forex transactions do not have a recommended holding period and it is at the investors' discretion to decide the appropriate holding period according to their individual trading strategy and objectives. In general, CFDs are intended for short term trading, in some cases intraday and are not suitable for long-term investments. You can open and close a CFD on Forex at any time during the market trading hours of the CFD. Opening and closing a CFD transaction depends on the prevailing liquidity of the CFD at the venue where it is being traded.

### How can I Complain?

Clients who wish to file a complaint can do so by submitting the complaint form to the below email address: [complaints@fbs.eu](mailto:complaints@fbs.eu). The complete complaints handling procedure and the complaint form can be found on the Company's website.

### Other Relevant information

We draw your attention to the following documents that are required to be made available by Law, and which are available on our website: <https://fbs.eu>

Legal Documents: Client Agreement // Order Execution Policy // Risk Disclosure Notice // Conflict of Interest Policy // Privacy Policy