



## KEY INFORMATION DOCUMENT

### CFD on a forex instrument

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#### Purpose

This document provides you (hereinafter the “**Client**”) 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

CFD’s 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 go to <https://fbs.eu/en>.



#### Alert

**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

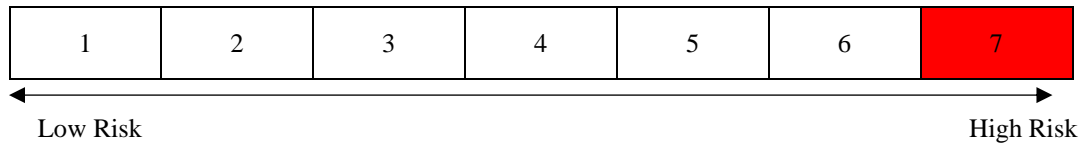
The objective of trading CFDs is to speculate on price movements in an underlying asset. For example, if you believe the value of a currency pair instrument is going to increase, you would buy a number of CFDs (this is also known as "going long"), with the intention to later sell them when they are at 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) or vice versa if you think it 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-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.



## Risk Indicator



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 not able to pay you. We have 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 very high level.

This risk indicator assumes that you keep the product for up to 24 hours. You may not be able to close the product easily or you may have to close at a price that significantly impacts the return on your investment. 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. There is no capital protection against market risk, credit risk or liquidity risk Performance scenarios (assuming no Overnight Financing effects):

## Performance Scenarios

There are a number of 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
- ✚ Risk of unlimited loss
- ✚ Margin risk
- ✚ Conflicts of Interest
- ✚ Market Risk
- ✚ Unregulated Market Risk
- ✚ Market disruption risk
- ✚ Foreign exchange risk
- ✚ Online trading platform and IT risk
- ✚ Counterparty risk

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

## What happens if the Company is unable to pay out?

In the event that 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 set up by the Cyprus Securities and Exchange Commission.

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

[https://cdn.fbs.eu/docs/en/investor\\_compensation\\_fund\\_policy\\_en.pdf](https://cdn.fbs.eu/docs/en/investor_compensation_fund_policy_en.pdf)



## What are the costs?

The Company charges a spread when an investor trades on CFD. A spread is the difference between the Sell (“Bid”) and Buy (“Ask”) price of the CFD which is multiplied by the deal size. The spread per each underlying asset is detailed on the Company’s website by clicking [here](#). But each investor may have different spreads on all or some of the underlying asset based on the investor’s history, volume, activities or certain promotions.

The below table portrays an illustration of types of costs along with their meaning:

<b>One off 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>Ongoing costs</b>	<b>Daily holding Cost/Swap/Rollover</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. On Wednesdays, Swap is charged 3 times. Swaps can be viewed on the trading platform and the Company’s website.

For the purpose of the example we will assume a €10,000 transaction in EUR/USD with 1.5 pips spread. EUR/USD pip is the 4th decimal digit (0.00015).  $€10,000 \times 0.00015 = \$1.5$

The amount of \$1.5 will be reflected in the floating P/L upon opening the transaction equivalently in the amount base currency.

In addition to the above, the Company charges Overnight Financing (OF) for deals that remain open at the end of the daily trading session. This OF 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. The swap fees are available live through the mt4 platform and on the website.

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.

If the instrument’s Swap type is points, the formula below is used:

$$\text{Swap Charge} = \text{Volume} * \text{Points} * \text{Contract size} * (\text{number of days the positions are held})$$

If the instrument’s Swap type is Money, i.e. USD, the formula below is used:

$$\text{Swap Charge} = \text{Volume} * \text{Money} * (\text{number of days the positions are held})$$



The above is always converted to the account's base currency.

The costs will vary depending on the underlying investment options you choose. Specific information can be found <https://www.fbs.eu>