Tradestone Ltd

KEY INFORMATION DOCUMENT

CFDs on Shares

Purpose

This document is provided in relation to the EU Packaged Retail and Insurance-based Investment Products Regulation. The document provides you with key information about this investment product. It is not marketing material. 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 require the information.

Product

CFDs on shares are over the counter products traded between counterparties to buy or sell a CFD with a specific stock as underlying at a known price in anticipation of closing the trade with a difference in profit. 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

You are about to trade in a Contract for Difference ("CFD") with the underlying instrument being a single stock.

Objectives

Shares or stocks are generally used for holding long-term investment portfolios. Given the wide scope of the stocks available, investors opt to generate capital appreciation at times within diversified portfolios, while generating income or simple preserving capital from inflation at other times. However, when using CFDs on shares, investors can benefit from price fluctuations to achieve their investment goals without the actual transfer of ownership but they forgo any dividends paid out on the traded shares since they do not possess the underlying stock, instead a CFD that traces the price.

Intended Retail Investor

CFDs on shares are derived from the relevant underlying stock or share that involve the simultaneous purchase/sale of one unit of a CFD and purchase/sale of a fiat currency. The currency that is used as the reference is called quote currency and the stock that is quoted in relation is called the base. The price of the CFD contract on shares derives from the price of the underlying stock. An investor has the choice to buy (go long) the CFD if the investor believes that the underlying stock price will rise in relation to the quote currency, with the intention to later sell them (close his position) at a higher value. If the investor believes that the price of the underlying stock will drop in relation to the quote, he could sell (go short) the CFD, expecting to later buy them back (close his position) at a lower price than previously agreed to sell them.

CFDs are traded on margin. This means that you are able to leverage your investment by opening larger positions than the funds you have to place as margin collateral. The margin is the amount reserved on your trading account to cover any potential losses from an open CFD position. It is possible that a loss may exceed the required margin. Margin requirements can be changed at any time to reflect market conditions. It should be noted that the underlying instrument is never actually owned by you and the profit or loss is determined by the difference between the buying and the selling price of the CFD, minus any relevant costs (detailed below).

Risk Indicator

1	2	3	4	5	6	7

Low Risk ← → High Risk

Summary Risk Indicator: 7. The actual risk can vary significantly if you cash in at an early stage and you may get back less. CFDs on shares have a very 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 cryptocurrency performance at a very high level. This rates potential losses from performance can result in large gains or losses.

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 on shares have no expiration/maturity date and therefore it is up to you to open and close your position. CFDs do not receive any dividends since the client does not actually hold the underlying stock. Hence, when dividends are paid out to real shareholders of the underlying stock and in case the client has an open CFD position on the relevant stock, balance adjustments are made to the client’s account to ensure that the account’s market value is the same before and after the dividends release. As for stock splits/reverse stock splits, a CFD open position will be revised to reflect the new amount of stocks held while ensuring that the account’s market value is the same before and after the stock split/reverse.

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.

This key information document is not specific to a particular product. It applies to a CFD on any share that we offer on our platform. However, each CFD you enter into with us is specific to you and your choices. You will be responsible for choosing the underlying stock; when you open and close your position; the size of your position (and therefore the margin required, subject to margin limits for shares CFDs for Retail clients); and whether to use any risk management tools we offer such as stop loss orders. The table below shows the money you could potentially profit or lose under different scenarios. Each of the performance scenarios is based on an account with only one open position.

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

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

One-off costs	Spread	This is the difference between the buy and sell price
	Currency conversion	The cost of converting Profit or Loss from trades to the currency of your Trading Account
Recurring costs	Swap fees	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 maturity date. Depending on whether the position is long or short and the prevailing interest rates of the two currencies of the currency-pair, your account may be credited or debited with the Swap fee.

For the purpose of the example we will assume a trade of one CFD of AAPL stock (one lot contains one single stock) with 1 USD spread. 1 X 1 x $1 = $1. The amount of $1 will be reflected as a floating Loss 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 and mt5 platforms, on the FBS TRADER and on the Company's 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:

Swap Charge = Volume * Points * Contract size * (number of days the positions are held).

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

Swap Charge = Volume * Money * (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