

KEY INFORMATION DOCUMENT

Swap

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

Swaps 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

A Swap can be a simultaneous exchange of identical amounts of one currency against another currency, an exchange of a fixed interest rate versus a floating interest rate over a certain period of time, or even an exchange of a yearly return on a pre-determined index versus a floating rate based on a notional principal. FX Swaps are entered into with Tradestone on a bilateral basis.

Objectives

The objective of an FX Swap for instance, is to exchange the cash flows in two currencies on two predefined days at two predefined FX rates. This involves the simultaneous buying and selling of the two currencies and the reverse buying and selling for a later value date. The pricing of the FX swap is based on the spot price of the underlying currency-pair and the relevant forward points which derive from the relative interest rates applicable on the two currencies involved. This can be used to hedge against currency depreciation or even speculate on both currency price change and interest rate differential on the related currencies.

The objective of an Interest rate Swap for instance, is to exchange interest payments, one pre-determined and known versus another that is floating and will be determined in the future over a certain period of time, both based on notional amount that can be paid physically in full or only netted depending on the negotiation between parties. This is used to speculate or hedge against interest rate changes.

Intended Retail Investor

FX Swaps are intended for investors with the need to hedge a foreign exchange exposure or who need to fund foreign exchange cash flow mismatches. Intended investors should possess relevant trading experience or relevant work experience and should be in a position to understand the main features of the product such as margin requirements, margin call, cut-out and counterparty credit risk due to its OTC nature.

FX Swaps do not have a recommended holding period and it is to the investors’ discretion to decide the appropriate holding period according to their individual trading strategy and objectives.



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:

What are the costs?		
The table below shows the different types of cost categories		
One-off costs	<i>Spread</i>	This is the difference between the buy and sell price
	<i>Forward Points</i>	This is the difference between the spot and forward rate. It can be a charge or gain.
	<i>Currency conversion</i>	The cost of converting Profit or Loss from trades to the currency of your Trading Account
Recurring costs	<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 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.
How long should I hold it and can I take money out early?		
Swaps do not have a recommended holding period and it is to the investors’ discretion to decide the appropriate holding period according to their individual trading strategy and objectives.		
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		
The complete complains procedure and the complaint form can be found on the Company’s website.		