

Key Investor Information Document: CFDs on Equities/ Shares

PURPOSE

This document provides you with key information about this investment product. It is not marketing or legally binding material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product and to help you compare it with other products. Before deciding to open an account, we suggest that you read the whole document together with our terms and conditions.

RISK ALERT*

You are about to trade on a market that is not simple and may be difficult to understand.

PRODUCT: Contract for Differences (“CFDs”) on Shares, also known as stock or equity (hereinafter called as the “Product”). Further details regarding the Products we currently offer as CFDs can be found on our website [here](#). This document was last updated on 14/11/2018.

MANUFACTURER: K-DNA Financial Services Ltd, authorised and regulated by the Cyprus Securities and Exchange Commission (‘CySEC’), CIF License No. 273/15 registered at 56, Griva Digeni, Anna Tower, 1st Floor, 3063 Limassol, Cyprus. For more information, call +357 25 254070 or please visit us at <https://finmarket.com/contact-us/>

COMPETENT AUTHORITY: The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”), 27 Diagorou Str. CY-1097, Nicosia, Cyprus.

WHAT IS THIS PRODUCT?

CFDs:

CFDs are contracts between two parties, to pay the difference between the opening and closing price of the underlying asset. Kindly note, that CFDs are leveraged products. Due to leverage, open positions are charged a daily financing fee at the end of the day. Margin trading requires you to understand the underlying risk of the asset because you receive exposure to large profits if the price moves in your favor; you risk extensive losses if the price moves against you. When you fail to deposit additional funds to maintain the margin requirement as a result of a negative price movement may cause the CFD position to be auto-closed. This will result when your remaining account equity falls below the maintenance margin requirement.

TYPE:

The product enables you to have exposure to fluctuations related to the underlying Share without physically owning it. CFDs on Shares are considered as a type of Contract for Differences (CFD) which is an agreement between a buyer and a seller to exchange the difference in value of a particular underlying instrument for the period between when the contract is opened and when it is closed. The difference to be exchanged is determined daily by the change in the closing reference price of the underlying instrument. Therefore, if the underlying instrument rises in price, the buyer receives cash from the seller and vice versa. Shares represent units into which a company’s capital is divided for investment and ownership purposes.

OBJECTIVES:

The objective of trading CFDs on Shares allows you to speculate on rising or falling prices in the underlying share, by gaining exposure to the underlying share. You receive indirect exposure to the underlying Share without owning it. By trading with us, you receive exposure to the performance of the underlying asset, but without physical ownership or other rights to such underlying asset. This product is appropriate only for speculative investment purposes. Shares represent the real value of one’s stake in an investment.

TERM:

CFDs on Shares are not listed instruments but are traded as ‘over-the-counter’ contracts between the client and the Company. Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. This initial margin will be returned when the position is closed.

RETAIL INVESTORS SUITABLE TO TRADE ON CFDs?

Trading in this product is highly risky and will not be appropriate for everyone, such as Investors (i) who do not want to be subjected to volatile markets; and (ii) who want capital protection. It is most suitable for investors who (i) have a high-risk tolerance; (ii) want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio; (iii) are trading with money they can afford to lose; and (iv) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading;

WHAT CAN I TRADE?

With your account with the Company, you can trade CFDs on Shares indicated [here](#)

RISK AND REWARD PROFILE:

The primary advantage of a CFD is to allow an investor to gain leveraged exposure to the movement of the underlying asset (e.g. Forex, indices, commodities) either up or down without owning the physical product. You can expect the following benefits:

- CFDs are a cost-effective way to gain exposure to FX, Indices, Commodity markets and Shares
- CFDs are characteristically liquid and easily traded
- CFDs provide a highly capital efficient way to participate in the above asset classes
- You can sell (short) CFDs, and benefit from a downward price movement
- The pricing of CFDs is transparent
- Access to live prices
- Set up alerts to new opportunities that match your trading strategy
- The ability to manage risk by setting up a 'price watch' and 'stop loss' facility

The primary risk of CFDs is the risk that the other party in the contract is unable to meet their obligation; this is known as counterparty risk. Investors use margin to trade CFDs, subjecting the investor to margin calls should the value of the portfolio fall below the minimum level. Profit and loss on CFD trades take place when an investor executes a closing trade. Since CFDs can employ a high degree of leverage, investors can lose money quickly should the price of the underlying security move in the undesired direction. As such, investors should be careful when using CFDs.

We operate a Negative Balance Protection, i.e. you cannot lose more than the Equity of your trading account, however you risk losing the capital invested with us. Since CFDs can employ a high degree of leverage, investors can lose and/ or win money quickly should the price of the underlying security move in the undesired/desired direction. As such, investors should be careful when using CFDs. CFD trading is undertaken on electronic platforms. There may be times that system or other breakdowns arise. This may affect your ability to trade, or our ability to offer continuous prices or create a need for subsequent adjustment of prices to reflect underlying exchange prices. Prices of CFDs as well as their commercial terms like the spreads and overnight fees maybe varied to reflect periods of actual or expected heightened market volatility. Depending on the currency your trading account is denominated and the currency of the underlying instrument you trade, your final return maybe exposed to the exchange rate risk between the two currencies.

RISK INDICATOR:

The summary risk indicator ("SRI") 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 at a very high level. Poor market conditions are very likely to impact the capacity of the Company to pay you.

Lower risk Typically, lower rewards				Higher risk Typically, higher rewards		
1	2	3	4	5	6	7

The risk indicator is set at 7 (i.e. very high risk) due to the fact that:

- It is volatile and is subject to unforeseeable swings.
- Spread may widen with reduced liquidity.
- Your entire investment may be at risk.

PERFORMANCE SCENARIOS:

The below table illustrates how your investment could perform (i.e. potential profit and loss) under different scenarios.* These scenarios assume that the Investor (i) has a starting equity of €1000; (ii) chooses to buy/ sell 1 Share CFD contracts; that (iii) this particular CFD contract has a cost of €0.01 per cent move in the share price (i.e. you will make or lose €0.01 for every cent the price moves); and (iv) the price at which the Investor can buy is €1000.00.

Performance Scenarios		Trade Profit or Loss	New Equity
Stress scenario: You go long (buy), the price falls by 10,000 cents (€100) and you receive a margin call.	Open Price: €1000.00 Close Price: €900.00	-€100	€900
Unfavourable scenario: You go short (sell), the price	Open Price: €1000.00 Close Price: €1007.00	-€7	€993

increase by 700 cents (€7) and you exit the position.			
Moderate scenario: You go long or short and exit the position at the same rate at which you entered.	Open Price: €1000.00 Close Price: €1000.00	€0	€1000
Favourable scenario: You go long (buy), the price increases by 500 cents (€5) and you exit the position	Open Price: €1000.00 Close Price: €1005.00	€5	€1005

Overnight holding costs or commissions are not included

There are a number of types of trading risk which you should be aware of before trading. Factors which affect the product's performance include but are not limited to:

- Leverage risk
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest
- Currency risk

The above-mentioned risks are non-exhaustive. Regarding currency risk, it is possible to receive payments in a currency which is different to the base currency of your account, so the final return you will receive depends on the exchange rate between the two currencies. This risk is not considered in the indicator mentioned above. Trading risks are magnified by leverage. In times of high volatility or market/economic uncertainty, values may fluctuate significantly. Such fluctuations are even more significant in case of leveraged positions and may adversely affect your positions. In the event of default, your positions may be closed out. You should carefully consider whether trading in leveraged products, such as CFDs, is appropriate for you. For more information on leverage and the Company's Risk Disclosure Policy please [Click here](#) to visit the Company's website.

Please ensure you fully understand the risks and take care to manage your exposure. It is important to ensure that you are comfortable with the level of risk your chosen instruments carry. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

HOW LONG SHOULD I HOLD IT, AND CAN I TAKE MONEY OUT EARLY?

CFDs are generally not suitable for long term investments and are intended for short term trading. They have no minimum and/or recommended holding period. Therefore, you can open and close a CFD at any time during market hours of the underlying share. Please note, that the Company may close your position without asking your prior consent if there is no sufficient margin in your account. Additionally, you can make a withdrawal of available funds on your account at any time.

MINIMUM INVESTMENT:

Regarding each new position, its minimum exposure value, the initial deposit percentage and initial margin requirements, you may refer to the Company's [Leverage Policy](#).

FEES & COSTS:

You are advised to get an understanding of all the one-offs costs and recurring costs regarding CFDs on Index which you are about to trade. These charges will reduce any net profit or increase your losses. For more information [Click here](#)

THIS TABLE PROVIDES THE DIFFERENT TYPES OF FEES AND COSTS FOR CFDs ON INDICES			
	Spreads	The difference between the Bid price (selling price) and the Ask price (purchase price) at the time of the conclusion of the transaction and reflects, in part, the spreads of the underlying instrument being traded on. Therefore, the cost can	

One-off costs		be different depending on market conditions.	Click here
	Commission	The fee to be charged at the opening and closing of the transaction. The fee concerns all the trading accounts	
	Exchange Fees	The fee related to the conclusion of the transaction in selected CFD instruments, connected with fees on the underlying market.	
	Equivalent of Dividend	The fee related with dividends payments for selected CFD instruments. The company might charge a processing fee in case of a dividend payment by the company. Dividend is received to your account for long positions and paid for short positions.	
Recurring costs	Financing Fee	Holding positions for another day results in the charge of fee.	Click here

ACCESS TO YOUR INVESTMENT:

- You can view your account online anytime by logging onto our secure website.
- You can buy and sell CFDs on Shares during market hours. [Click here](#) to see market hours in the information section of our trading page.
- Depending on your bank, the transfer can take a further two (2) days.

TAX CONSIDERATIONS:

As a trader, all profits are deemed as taxable income. You are then taxed on profits at your marginal tax rate. The Company does not provide yearly tax statements or any information about tax. For further tax considerations, please consult your financial adviser or tax consultant.

WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

If the Company is unable to meet its financial obligation to you, you may lose the value of your investment with the Company. However, the Company is a member of the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), which secures the claims of the covered Clients against CIFs, members of the ICF, through the payment of compensation which may not exceed €20.000 in total to each covered client, irrespective of the number of accounts held, currency and place of offering the investment service. For more information, please visit <https://finmarket.com/safety-of-funds/>

HOW CAN I COMPLAIN?

If you have a complaint, then you should contact the Customer support department of the Company by email at support@finmarket.com OR Compliance Department at compliance@finmarket.com OR in writing as shown at <https://finmarket.com/contact-us>

OTHER RELEVANT INFORMATION:

Further information with regards to this product can be found on our website. You should ensure that you read all our legal information displayed in the legal section of our [here](#) Website.