

# Key Information Document – CFDs on FX

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## 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. This Key Information Document (“KID”) was last updated in August 2020.

## Product

The manufacturer of this product is Safecap Investments Limited (“Safecap” or “Company”). Safecap is a regulated investment services firm, authorized by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 092/08 and the Financial Sector Conduct Authority (“FSCA”) in South Africa as a Financial Services Provider under license number 43906. Further information about Safecap and our products can be found at [www.markets.com](http://www.markets.com).

## Alert

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

## What is this product?

You are about to trade in a Contract for Difference (“CFD”) with the underlying instrument being linked to a Foreign Exchange (“FX”) currency.

**What is CFD?** – A CFD is a tradable instrument which represents a contract between two parties to exchange the difference between the current price of an underlying instrument and its price on the day the agreement expires. CFDs are leveraged products, enabling investors to make transactions with only a small margin (deposit). 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).

**What is the underlying instrument?** – Safecap may offer CFDs with on different underlying instruments. In this case it is a CFD linked to FX currencies. The FX currencies we currently offer as CFDs can be found in our [Website](#).

**So how do CFDs work?** – When you enter into any order to Buy or Sell a CFD on one of our trading platforms, you trade with us as our counterparty. We are your Principal to each trade that you enter. Therefore, if your trade is profitable, we lose. If your trade is loss making we earn a profit. Our profits or losses may be reduced by the level of hedging we may undertake to contain our trading risk. As an example – if you enter into a Buy trade for a 1,000 CFDs on EUR/USD when the underlying price of EUR/USD is USD 1.20, we will ask you to place a margin with us to enable you to trade. If the margin is say 1:30, this means that as a minimum you will need to place USD 40.00 with us. If the price of EUR/USD goes to USD 1.25, you will profit USD 50.00, minus any relevant costs (detailed below). If it reduces to USD 1.15, you will lose USD 50.00, plus any relevant costs (detailed below). Depending on whether we apply any notifications when your account is close to margin calls, we may ask you for more money to ensure your trade / position remains open, otherwise we may be forced to close your position. It is noted that the Company operates a tiered margin model for the Markets.com Web/Mobile trader, which means that upon meeting certain thresholds of volume/lot size, the leverage for the tier will decrease and therefore, the margin required for the position will increase accordingly. For more information, please refer to our [Leverage and Margin Policy](#). You will never lose more than the Equity of your trading account as we offer Negative Balance Protection. If you are a French resident you are offered, in addition to the NBP, a guaranteed stop loss per position which means that for each position entered you will never lose more than your invested amount. For more information, please refer to our [Order Execution Policy](#).

**Objectives** – By trading a CFD you gain an indirect exposure to the underlying financial instrument without owning it. Through your trading with us, you receive by us exposure to the performance of the underlying asset, but you do not receive any ownership or other rights to such underlying asset. This product is appropriate only for speculative investment purposes.

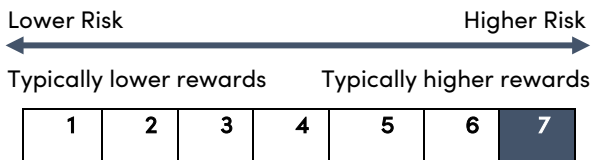
**Intended retail investor** – Trading in this product is highly speculative and involves a significant risk of loss. This product is for clients with a relatively short-term investment horizon, and is not suitable for all investors but only for those who i) understand and are willing to bear the risks involved, including the risks associated with margin trading; ii) possess the necessary experience and knowledge about trading in derivatives and the underlying instruments; and iii) are financially able to bear the risk of a total loss of their invested amounts, subject to the negative balance protection mechanism offered by the Company.

**Term** – CFDs on FX generally have no expiration date and therefore it is up to you to open and close your position.

You should be aware that if your margin level falls below the Margin Close Out Level of 50%, you will receive a stop out or margin call and your positions will start liquidating, without notice by us to you, starting with the highest losses.

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

### Risk Indicator



### Signification of the indicator

This indicator measures the level of risk at which your investment may be exposed. The risk category is not guaranteed and may shift over time. The lowest category does not mean «risk-free».

The CFDs on FX display a grade of 7 on a scale ranking from 1 to 7 (1 being the less risky category). They therefore exhibit (because also of leverage) the highest risk characteristics.

### General CFD risks

- CFDs are complex financial instruments and are traded Over the Counter ("OTC"). You can only exit a position by trading with us, during the trading hours of the underlying instrument as stated on our [Website](#). You cannot transfer your open positions/trades to any other firm.
- You do not own the underlying asset. Through your trade with us, you receive by us exposure to the performance of the underlying asset, but you do not receive any ownership or other rights to such underlying asset.
- CFDs are leveraged products. You only need a small margin for getting exposure to the underlying asset. Leverage can magnify both your profits as well as your losses.
- Statistically, because of leverage, a significant part of clients lose because leverage amplifies losses, leading to margin calls and closures of clients' open positions. 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.
- 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.
- The tax legislation of your home Member State may have an impact on your return.

### Performance Scenarios

The scenarios shown below 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. Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower. What you get will 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.

### FX pair CFD (GBP/USD, held intraday)

		Bid	Ask
Balance (USD)	1065		
Opening Price	P	1.38879	1.38899
Trade size (Volume)	TS	10,000	10,000
Margin %	M	3.33%	3.33%
Margin Requirement (in USD)	P x TS x M	462.93	463.00
Notional value of the trade (in USD)	P x TS	13,887.90	13,889.90
Ongoing Costs			
Daily premium %	DP%	-0.0075%	-0.0075%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	1.40982	1.50%	-1.06	207.29	1.36796	-1.50%	-1.03	207.29
Moderate	1.40010	0.80%	-1.05	110.07	1.37768	-0.80%	-1.03	110.07
Unfavourable	1.36816	-1.50%	-1.03	-209.37	1.40962	1.50%	-1.06	-209.38
Stress*	1.30565	-6.00%	-0.98	-834.37	1.47212	6.00%	-1.10	-834.38

\*The position will be automatically liquidated once the margin close out level of 50% is reached.

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

If we are unable to meet our financial obligations to you, you may lose the value of your investment. However, we segregate all retail client funds from our own money in accordance with our regulatory requirements. In case of our financial default you may seek compensation from the Investor Compensation Fund ("ICF") of Cyprus Investment Firms. The maximum compensation is Euro 20,000. ICF Rules apply, including with respect to your categorization and eligibility. In general, retail clients are covered by the ICF.

## Fees and Charges

- The charges you pay are used to cover the costs of our operational activities, including the costs of obtaining market / price data from the underlying exchanges, the costs of us hedging the trading you undertake with us (if we choose to do so), the staff costs, our regulatory license costs, our funding costs as well as the marketing and distribution costs.
- We may also have trading gains from the trades that you enter with us.
- We do not pay any interest on any clients' money you may have in your account with us.
- Where your trading account has remained inactive for more than 3 months (90 days), we apply an inactivity fee of USD 10 per month, so as to meet the operational, administrative and compliance costs of maintaining your account.
- Please consult your own advisor to understand the nature of our below costs and charges. For more information, please also refer to the [Costs & Charges Document](#) available in our website:

<b>One off costs - At the time of your trade</b>	Commission	Not applicable
	Spreads	Spread is the difference between the Bid price (selling price) and the Ask price (buying price) and reflects, in part, the spreads of the underlying exchange where the underlying instrument is traded on. Our spreads are variable or may be subject to a minimum. Please refer to our <a href="#">Website</a> for more information on the spreads which we charge which may be substantial.
	Currency conversion fees*	When your account currency is different than the quoted currency of the underlying asset being traded, a conversion fee in the form of a fixed percentage on the conversion rate applicable at the time will be reflected as a mark-up in your account. The conversion fee is set at 0.3%. For more information please refer to the <a href="#">Order Execution Policy</a> .
<b>Ongoing charges</b>	Overnight Rollover Swap*	We charge or credit you with overnight fees for facilitating you to maintain an open Buy or Sell position on CFDs. These are ongoing fees / credits for as long as you have open trades with us. The Financing Charge is set at 2.5% on all instruments across all platforms. Please refer our <a href="#">Order Execution Policy</a> for more information on these fees.
<b>Incidental costs</b>	Performance Fee	Not applicable

\*Where % is indicated, the actual monetary value depends on the specific trade.

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

- The Company does not prescribe a holding period for any position whether this is a buy or sell position.
- CFDs are intended for short term trading, in some cases intraday and are generally not suitable for long-term investments. There is no recommended holding period and no cancellation period. You can open and close a CFD on an FX pair at any time during the market trading hours of each CFD.
- You can only exit an open trade by entering into an opposite trade, only with us, during the trading hours of the market of the underlying instrument being made available by us on our [Website](#).
- You can request to withdraw your money at any time. We will process all withdrawal requests within 24 hours irrespective of payment method. Minimum withdrawal amounts apply, depending on the mode of remitting funds to you (between USD 5- USD 100). We do not charge any withdrawal fees, although some banks may charge transaction fees.

## How can I complain?

We apply a comprehensive complaints management policy. You are entitled to submit a complaint at any time in your trading experience with us, where you may feel that our service has not met your satisfaction. When you wish to submit a **formal complaint**, you can do so by completing the [Online Complaint Form](#).

If upon receipt of our final response on your complaint you are not satisfied or in case no response is received within the 3 months' timeframe, you can refer your complaint to the Financial Ombudsman of the Republic of Cyprus. For more information please visit <http://www.financialombudsman.gov.cy>. Alternatively, you may submit your complaint to the CySEC at <http://www.cysec.gov.cy/en-GB/complaints/how-to-complain/> or other competent authorities. You may refer to the relevant Cypriot Courts or Alternative Dispute Resolution (ADR) mechanisms.

## Other relevant information

We recommend that you read the [Order Execution Policy](#), the [Key Investor document](#), the [Investments Services Agreement](#) and our policies forming part of our [Legal Pack](#) available on our website at all times, which sets out all details of your trading and overall relationship with us.