



Key Information Document (KID) for Currency CFDs

1. 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.

Product legal identification

Name of product: Currency CFDs **Manufacturer:** Maxiflex Ltd (previously Maxiflex Global investments Corp Ltd) **Contact details:** www.europefx.com **Telephone Number:** +357 25 262767 **Licence information:** Cyprus Securities and Exchange Commission (CySEC) Licence number 258/14 **Date:** 1st of January 2018

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

2. What is this product?

A CFD or Contract for Difference is an agreement between two parties (Buyer and Seller) to exchange the difference in value between the opening and closing price for a particular asset. Trade opening price would be the price in effect at the moment the agreement is made at while the closing price would be the price at which the agreement is executed. As per the applicable law, CFDs are complex financial products, traded on an 'over the counter basis' ('OTC'). CFDs are considered as financial derivatives that enable the traders to take advantage of price movements on the underlying financial instruments without the need for ownership of this asset.

Essentially trading CFDs boils down to a contract between the Client and the market. The Client opens a trade by purchasing a contract for a particular asset and close the trade by selling the contract back to the market. There is no physical exchange of an asset. The underlying assets of CFDs offered by the Company are; (1) Foreign Exchange, (2) Equities (US and European), (3) Indices (US and European) and (4) Commodities (Energies/Metals/Agriculture). To proceed by placing a trade, the Client shall possess the required margin, available to his trading account. The market for most currencies is open 24 hours a day, 5 days a week from Sunday at 23:00 CET until Friday 22:00 CET. For specific trading hours please check the Company's [Contract Specifications](#)

The normal required margin for Currency CFD is 2%. This means that in order to open a transaction of €10,000 (deal size) with 2% required margin, the investor will need to have a minimum margin of €200 in his account. This represents a leverage of 1:50. Margin requirements may be decreased at the investor's request, subject to fulfilment of certain criteria whereas margin requirements may be increased at the Company's discretion in cases of extreme market volatility. The profit or loss is determined according to the following formula:

For Buy (Long) positions: Deal size (in units of base asset) x [Close Bid – Open Ask] = P/L (in units of the other asset)

For Sell (Short) positions: Deal size (in units of base asset) x [Open Bid – Close Ask] = P/L (in units of the other asset)

The P/L from the closed positions is then converted into the base currency of the investor's account, if different. This is done on the basis of the relevant Bid/Ask rate of the two currencies at the time the position is closed.

The P/L is also affected by the fees charged by the Company, as detailed below.

The P/L is calculated by, and shown on, the trading platform on a continuous basis, and losses on the positions will affect the investor's margin. Should the investor's margin reach 0 (zero), all investor's positions will automatically close which means that the investor will realize the losses. Therefore, it is important to maintain such level of margin to support the investor's open positions.

Polish residents only: In accordance with KNF requirements, should the client's exposure coverage [% of Equity / Net Exposure] reach 0.8 %, all client's positions will automatically close which means that the client will realize the losses. **Indented Retail**

Investor: Such product can be addressed to Retail investor as per MiFID Categorisation 'All clients who are not professional clients or eligible counterparties' that have previous knowledge and experience of CFD trading and in general of trading, that can bear the total loss of any invested amount within a relatively short period of time,

with short term horizon preferences that can understand leveraged products, margin and that trading is risky and there is no guarantee of any profitable performance. CFDs are leveraged products that are traded at a given price by the Counterparty and based on the value of the underlying asset, which might differ due to applicable spreads and fees, as per the [Contract Specifications](#)

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

Risk indicator

Ver.3

EUROPEFX is owned and operated by MAXIFLEX LTD (previously Maxiflex Global Investments Corp Ltd)

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Low Risk **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 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 end the product easily or you may have to end at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to end 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, MTFs or other trading venue. There is no capital protection against market risk, credit risk or liquidity risk. Currencies may fluctuate significantly in a short period of time. If the change in price is against the direction chosen by the investor, then the investor can experience significant losses over a short period of time up to a maximum of the amount held as margin in the client's account. However, the investor will never owe to the Company any amount in excess of the available funds in the account in light of the contractual "Negative Balance Protection". Due to negative balance protection the client cannot lose more than client's available funds. Market conditions may mean that your CFD trade is closed at a less favourable price, which could significantly impact how much you get back. This product does not include any protection from future market performance, so you could lose some or all of your investment.

Performance scenarios (assuming no Overnight Financing effects): The scenarios 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. 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. Below are examples of performance scenario of a deal in CFD based on EUR/USD.

Margin Amount in EUR	Leverage	Deal Amount in EUR	EUR/USD Opening Deal Rate	Deal Amount in USD	Deal Direction	Change in Exchange Rate	EUR/USD Closing Deal Rate	P/L Amount in USD	EUR/USD Spread in Pips	P/L Exchange Rate to EUR	P/L Amount in EUR under Negative Balance Protection
200	50:1	10,000	1.25000	12,500	Buy	5%	1.31250	625	2	1.3127	476.12
200	50:1	10,000	1.25000	12,500	Buy	1%	1.26250	125	2	1.2627	98.99
200	50:1	10,000	1.25000	12,500	Buy	0%	1.25000	-	2	0	-
200	50:1	10,000	1.25000	12,500	Buy	-1%	1.23750	-125	2	1.2375	-101.01
200	50:1	10,000	1.25000	12,500	Buy	-5%	1.18750	-625	2	1.1875	-200.00 ¹
200	50:1	10,000	1.25000	12,500	Sell	5%	1.31250	-625	2	1.3123	-200.001
200	50:1	10,000	1.25000	12,500	Sell	1%	1.26250	-125	2	1.2623	-99.03
200	50:1	10,000	1.25000	12,500	Sell	0%	1.25000	-	2	0	-
200	50:1	10,000	1.25000	12,500	Sell	-1%	1.23750	125	2	1.2375	101.01
200	50:1	10,000	1.25000	12,500	Sell	-5%	1.18750	625	2	1.1875	526.32

4. What happens if the Company is unable to pay out?

In such a case, clients that are entitled for a compensation, can address their claims to the Investors Compensation Fund (ICF). The Company is a member of the Investor Compensation Fund for the Clients of Cyprus Investment Firms (CIFs). The objective of the ICF is to secure claims by covered Clients against Cyprus Investment Firms through payment of compensation in cases where the member of the Fund is unable to do so from its own resources. It is not guarantee that all investors will be entitled for coverage under the ICF. For more information regarding conditions and limitations, please refer to the [Investors Compensation Fund](#) available online.

4. What are the costs?

There are various charges and fees applicable when trading CFDs. Such information can be found on the Company's official website and [Contract Specifications](#). Before you proceed with your trading activity, please review the applicable charges and decide accordingly. Any charges might change from time to time, to this extent, the Company suggests to regularly review its [Legal Documentation](#). The Company charges a spread or/and fixed commission when an investor buys/sells a 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 commission per each underlying asset is detailed on the website [[Contract Specifications](#)] but each investor may have different commission plans on all or some of the underlying asset based on the investor's history, volume, activities or certain promotions.

For the purpose of the example we will assume a €10,000 transaction (0.1 lot) in EUR/USD with a 2 pips spread. EUR/USD pip is the 4th decimal digit (0.0001). €10,000 x 0.0002 = €2. The amount of €2 will be deducted from the P/L upon opening the transaction and therefore immediately after opening the transaction the P/L of that transaction will be -€2. In case of the commission charge, for the purpose of similar example we will assume a transaction of a €10,000 (0.1 lot) transaction in EUR/USD with a 10\$ commission per 1 lot, the amount of \$1 will be deducted from your account 0.1lot*€10. 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 fee 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, plus a mark-up. The mark-up for Currencies is up to 0.75%

If the calculated Overnight Financing Percentage is positive, it means that an applicable amount will be added (credited) to the investor's account. A negative Overnight Financing Percentage means that an applicable amount will be subtracted (debited) from the investor's account. 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.

Calculation of the Overnight Financing Percentage for Long Positions:

$$\text{Overnight Financing Percentage} = - \left(\frac{3M \text{ interest rate of the other currency} - 3M \text{ interest rate of the base currency} + \text{markup}}{360} \right)$$

Calculation of Overnight Financing Percentage for Short Positions:

$$\text{Overnight Financing Percentage} = \left(\frac{3M \text{ interest rate of the other currency} - 3M \text{ interest rate of the base currency} - \text{markup}}{360} \right)$$

To reach the Overnight Fee Amount, the percentage (as calculated above) is multiplied by the deal amount (in units of the base asset), as per the formula: **Overnight Financing Amount = Deal Amount × Overnight Financing Percentage**

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

Usually for less than 24 hours. As soon as you close a position, then your trade – investment ends. You can close a position, at any time within the trading hours of the underlying instrument. Market hours can be found online, by accessing the [Contract Specifications](#). However, please note that your position might be automatically closed by the system, if you do not have the necessary margin available (your balance is low). For MT4, if the margin level reaches 30%, then your position will be closed automatically. Prior to any closure, when margin level reaches 100% and below, the Company might close part of your trades in order to bring your account above the margin level of 100%, the client may receive a 'margin call' to proceed with additional deposit/s in order to avoid closure of the position. Therefore, Investors shall always monitor the margin level of the trading account. Moreover, if all margin is in use, then the Investor will not be able to open new position. Additionally, the position might close if the underlying asset becomes unavailable for trading. For the use of leverage, Investors shall ensure that they maintain at all times the margin required to keep a position open, therefore the trading account's available balance shall be always equal or higher than the required margin in order to avoid closure of the position (stop-out).

7. How can I complain? You can proceed with a formal complaint, as per the Company's [Client Complaint Policy](#), available online.

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