Key Information Document (KID) for CFDs on ETFs

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: CFDs on ETFs **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 March 2021

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

2. What is this product?

TYPE: This is a 'Contract for Difference' ('CFD'). It allows you an indirect exposure (generally over the short term) to an underlying Exchange Traded Fund (ETF). You will have no direct interest in the underlying ETF. Accordingly, you can make gains or suffer losses because of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure. An ETF is an investment fund that trades on a stock exchange as a single security. It is designed to track an underlying benchmark. ETFs are open-ended, which means ETF shares can be created as necessary to meet demand. An ETF can track different asset types, i.e. Equities (including specific sectors or different regions or countries), Fixed Income, Commodities, Property, Volatility etc.

The objective of trading CFD is to gain exposure to fluctuations (generally on the short term) related to the underlying ETF without owning it. Your return depends on the size of the performance (or movement) of the underlying ETF and the size of your position. For example, if you believe the value of an ETF is going to increase, you would buy a number of CFDs ('going long'), with the intention to later sell them when they are at a higher value. The difference between the buy price and your subsequent sell price would equate to your profit, minus any relevant costs. This product is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure. Please note that margin/leverage trading requires extra caution, because whilst you can realize large profits if the price moves in your favor, you risk extensive losses if the price moves against you

For specific trading timetable please For specific trading hours please check the Company's Contract Specifications

The normal required margin for ETF Contract is 20%. This means that in order to open a transaction of €10,000 (deal size) with 20% required margin, the investor will need to have a minimum margin of €2,000 in his account. This represents a leverage of 1:5. 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

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. The prices of the underlying ETF 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 favorable 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 ProShares Ultra S&P500

Margin Amount in EUR	Leverage	Deal Amount in units of base asset	ProShares Ultra S&P500 Opening Deal Rate	Deal Amount in USD	Deal Direction	Change in Price	ProShares Ultra S&P500 Closing Deal Rate	Trade P/L Amount in USD	ProShares Ultra S&P500 Spread in Pips	P/L Exchange Rate to EUR	Total P/L Amount in EUR under Negative Balance Protection
2000	5:1	60	102.00	7344	Buy	10%	112.20	612.00	7.5	1.20	457.50
2000	5:1	60	102.00	7344	Buy	5%	107.10	306.00	7.5	1.20	202.50
2000	5:1	60	102.00	7344	Buy	0%	102.00	-	7.5	1.20	-52.50
2000	5:1	60	102.00	7344	Buy	-5%	96.90	-306.00	7.5	1.20	-255.00
2000	5:1	60	102.00	7344	Buy	-10%	91.80	-612.00	7.5	1.20	-510.00
2000	5:1	60	102.00	7344	Sell	10%	112.20	-612.00	7.5	1.20	-510.00
2000	5:1	60	102.00	7344	Sell	5%	107.10	-306.00	7.5	1.20	-255.00
2000	5:1	60	102.00	7344	Sell	0%	102.00	-	7.5	1.20	-52.50
2000	5:1	60	102.00	7344	Sell	-5%	96.90	306.00	7.5	1.20	202.50
2000	5:1	60	102.00	7344	Sell	-10%	91.80	612.00	7.5	1.20	457.50

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EUROPE FX

4. What happens if Maxiflex Ltd 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.

5. 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. 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 transaction of 60 units in ProShares Ultra S&P500 with 7.5 pips spread. A pip in ProShares Ultra S&P500 is equal to 1 point in price (1.00). 60 x 7.5 = 45 USD. The amount of 45 USD 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 -45 USD. In case of the commission charge, for the purpose of similar example we will assume a transaction of 60 units in ProShares Ultra S&P500 with a 0.3$ commission per unit, the amount of $18 will be deducted from your account.
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 CFDs on ETFs is up to 2.5% 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:

$$Overnight\ Financing\ Percentage = -\left(\frac{3M\ interest\ rate + markup}{360}\right)$$

Calculation of Overnight Financing Percentage for Short Positions:

$$Overnight\ Financing\ Percentage = \left(\frac{3M\ interest\ rate - markup}{360}\right)$$

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 (due to a decision of the Counterparty or if the traded product is now de-listed from the Stock Exchange). Upon maturity, so any position which is open after the maturity date, will be automatically closed by the system. Investor can close the position, before the maturity. 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.