

## KEY INFORMATION DOCUMENT – CFDS ON ETFS

### 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.

CFD's are offered by Exclusive Change Capital Ltd (the "Company", "we" or "us"), registered in the Republic of Cyprus, with registration number HE 337858. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 330/17. For further information please go to <https://exclusivecapital.com>

This document was last updated on 24<sup>th</sup> of March 2020.

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

### What is this product?

#### Type

This investment product is a Contract for Differences ("CFD"). A CFD is an Over the Counter ("OTC") leveraged financial instrument and its value is determined based on the value of an underlying asset. The investor makes a profit or a loss on the CFD based on the direction chosen (Buy or Sell) and the direction of the value of the underlying asset. The CFD is settled in cash only and the investor has no rights whatsoever on the actual underlying asset.

### Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without physically buying or selling the FX currency pair. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin and is one of the key features of trading CFDs. In the case of currencies, the prices are determined in interbank transactions whereby banks will quote each other prices of one currency against another currency. Prices of this specific investment product may be obtained either by liquidity providers who obtain such prices from market data aggregators or directly from market data aggregators who collect data from interbank transactions producing a market price for each currency against another currency. The market for most currencies is open 24 hours a day, 5 days a week from Monday to Friday with only a few minutes daily break each day. For specific trading hours please check the following website <https://www.exclusivecapital.com/trading/instruments/>

In order to purchase the specific CFD, the investor must have sufficient margin in his account. Suppose as an example that the margin requirement on a specific major currency pair for a retail investor is 3.33%. This means that in order to open a transaction of €10,000 (deal size), the investor will need to have a minimum margin of €333.33 in his account. This represents a leverage of 1:30.

Note that Leverage and Margin Requirement are directly related as follows:  $\text{Leverage} = 1 / \text{Margin Requirement}$ , or in reverse  $\text{Margin Requirement} = 1 / \text{Leverage}$ .

The profit or loss is determined according to the following formula:

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

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

The P/L from the closed positions is then converted into the base currency of the client'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. In addition, 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 equity.

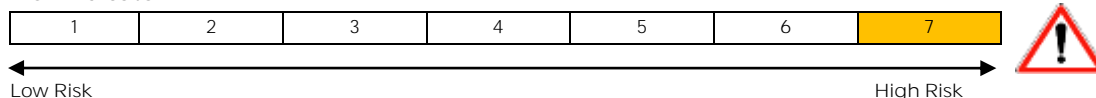
The P/L is also affected by the fees charged by Exclusive Change Capital Ltd, as detailed further in this document.

### Intended Retail Investor

CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products and understand how the prices of CFDs are derived, the key concepts of margin and leverage, the fact that losses may exceed deposits and have the appropriate financial means to bear and sustain losses of the entire amount invested.

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

#### Risk indicator



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 may not be able to buy or sell your CFD at the price you wanted due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts the return on your investment. CFDs may be affected by slippage due to increased volatility and/or low liquidity in the underlying market. CFDs are leveraged OTC products

and cannot be sold on any exchange, MTFs or other trading venue, and due to underlying market movements can generate losses rapidly. 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. Retail Clients only are protected by "Negative Balance Protection", which means that the loss is restricted to the investor's account balance.

Be aware of currency risk. It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Leveraged trading magnifies the losses of price movements and failure to deposit additional funds may result in the CFD being auto-closed. You are also subject to risks relating to internet failures, communication failures and delays, or account password theft. This product does not include any protection from future market performance so you could lose some or all of your investment.

### Performance scenarios

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are theoretical eventualities of future performance 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.

The figures shown include all the costs of the product itself. If you have been sold this product by someone else, or have a third party advising you about this product,

these figures do not include any cost that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Below are examples of performance scenario of a deal in CFD based on DIA.US (Dow Jones Industrial Average ETF), assuming current balance of a retail client is 500 USD

CFD on an ETF (held intraday)		
ETF opening price:	(P)	202
Trade size (per CFD):	(TS)	10 LOT (1 Lot equals to 1 contract size)
Margin %:	(M)	20%
Leverage:	(L)	1:5
Margin Requirement (\$):	$MR = P \times TS \times M$	[\$404]
Notional value of the trade (\$)	$TN = MR \times L$	[\$2020]

BUY/LONG Performance Scenario	Closing Price (inc. spread)	Price change	Profit/Loss	SELL/SHORT Performance Scenario	Closing price (inc. spread)	Price change	Profit/Loss
Favourable	208.06	3%	60.60	Favourable	195.94	-3%	60.6
Moderate	205.03	1.5%	30.30	Moderate	198.97	-1.5%	30.3
Unfavourable	195.94	-3%	-60.6	Unfavourable	208.06	3%	-60.6
Stress	121.2	-40%	-500	Stress	282.8	40%	-500

**\*Note that due to the company's Negative Protection Balance policy, Clients will not lose more than they have deposited.**

### What happens if Exclusive Change Capital Ltd is unable to pay out?

In the event that the Company becomes insolvent and is unable to meet its financial obligations to you, investors may lose the value of their investment. However, we segregate all retail client funds from our money in accordance with our regulatory requirements. In case of insolvency, retail clients may be eligible to compensation of up to €20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission.

### What are the costs?

Before you begin to trade CFD's you should familiarize yourself with all one-off and ongoing costs for which you will be liable. These charges will reduce any net profit or increase your losses. The charges per each underlying asset are detailed on our [website](#), as well as visible on the trading platform that investors use which will always take precedence over the website in case of price difference; each investor may have different charges on all or some of the underlying assets based on the investor's history, volume, activities, client categorization and/or services provided.

One-off Costs	Spreads	All our platforms	The difference between the buy price and the sell price is called the spread. This cost is realized each time you open and close a trade. For the purpose of the example we will assume a €10,000 transaction in EUR/USD with a 2 pips spread. EUR/USD pip is the 4 <sup>th</sup> 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. This reflects in real-time the bid/ask spread cost that an investor would be incurred if he/she were to close out the position at that very moment.
	Commission	All our platforms	This is a commission charged when you buy and sell a CFD based on the notional value of the trade.

	Currency Conversion	All our platforms	Any cash, realized profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.
Ongoing Costs	Financing Costs	All our platforms	The Company charges Overnight Financing (OF) for deals that remain open after the end of the daily trading session. Depending on the position held (e.g. long or short) and our prevailing interest rates, your account may be credited or debited with the financing cost. If the calculated OF Percentage is positive, it means that an applicable amount will be added (credited) to the investor's account. A negative OF 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. Swaps can be viewed on the trading platform and the Company's website.

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

CFDs are intended for short term trading, in some cases held for less than 24 hours, and are generally not suitable for long-term investments due to the leveraged nature of these instruments. There is no recommended holding period and no cancellation period. You can open and close a CFD on a commodity at any time during the market trading hours of each CFD, but it may not be at a price beneficial to you or your investment goals.

#### How can I complain?

If you wish to make a complaint you should download the "Complaints Procedure for Client" form and contact our Team by emailing [complaints@exclusivecapital.com](mailto:complaints@exclusivecapital.com) in writing to the Company indicating your name, account number and nature of the complaint. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman of the Republic of Cyprus.

Further information about the procedures for communicating with the Financial Ombudsman, can be found at [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy)

#### Other relevant information

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. The Trading Terms & Conditions as well as all related Policies and other Disclosure Documents of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account. This key information document does not contain all information relating to the product. For other information about the product and the legally binding terms and conditions of the product, please refer to the Company's website at <https://exclusivecapital.com/resources/legal-documents/>